

INTERIOR, ENVIRONMENT, AND RELATED
AGENCIES APPROPRIATIONS FOR 2015

HEARINGS
BEFORE A
SUBCOMMITTEE OF THE
COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES
ONE HUNDRED THIRTEENTH CONGRESS
SECOND SESSION

SUBCOMMITTEE ON INTERIOR, ENVIRONMENT, AND
RELATED AGENCIES

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DEPARTMENT OF THE INTERIOR, ENVIRONMENT, AND RELATED AGENCIES APPROPRIATIONS FOR 2015

WEDNESDAY, APRIL 2, 2014.

USDA FOREST SERVICE

WITNESS

THOMAS TIDWELL, CHIEF OF FOREST SERVICE

OPENING REMARKS OF CHAIRMAN CALVERT

Mr. CALVERT. The Committee will come to order.

Chief Tidwell, I would like to welcome you to today's hearing. Our hearing today will address the fiscal year 2015 budget priorities in the U.S. Forest Service.

As you know, I will start off with my home State of California, which is suffering through a severe drought crisis that threatens to bring us the worst fire season we have seen in recent years, maybe ever. Already in the first quarter of fiscal year 2014, California has experienced twelve large wildland fires with suppression expenses totaling \$205 million, compared to the first quarter of fiscal year 2013 when California only saw seven large wildland fires totaling \$14 million.

When measuring the first quarter of fiscal year 2014 against the first quarter of fiscal year 2013, we have already spent \$191 million more on large wildland fires this fiscal year. The fiscal year 2013 fire funding shortfall for the Forest Service was \$600 million, and the shortfall for the Department of the Interior was \$28.5 million, all of which Congress repaid in fiscal year 2014. If the fires in California are any indication of what is to come, I am concerned about where we might be headed in terms of a fire funding shortfall for fiscal year 2014.

I say all of this to highlight the need to fundamentally change—and I am just saying this because Mr. Simpson is sitting next to me—how we should fund wildland fires in the future, and I appreciate the Administration's recognition of the hard work done by Chairman Simpson here in the House, and Senators Wyden and Crapo in the Senate, by including a similar provision to their respective cap adjustment bills in the budget request for fiscal year 2015. I look forward to working with you this year to try to address that issue.

The Forest Service is certainly more than just wildland fire, so I would like to take a moment to comment on the budget request in general. Excluding the request of \$954 million for the wildland

fire budget cap adjustment, the total Forest Service request for fiscal year 2015 is \$4.8 billion, a \$726.4 million, or 13.3 percent, reduction from the fiscal year 2014 enacted level, including the \$600 million in suppression shortfall repayment. With suppression costs growing from approximately 13 percent of the agency's total budget just 10 years ago to 47 percent through fiscal year 2014, and a total budget that is shrinking, it appears as though the Forest Service will be doing less forest management and restoration than it should be.

I have concerns about the proposed reductions of \$17.5 million in research and development, \$4.5 million in urban and community forestry, and \$5.8 million in grazing management, to name just a few. I do understand that the reduction in grazing management is proposed to be offset with a new administrative fee, estimated to generate approximately \$5 million. The grazing fee was proposed in fiscal year 2014 and Congress denied the request. I am sure there are some members here that probably would have plenty to say on this topic, so I will not belabor the point, but suffice it to say, I cannot imagine the outcome for this request would be different this year.

In closing, Chief Tidwell, I would like to express my appreciation to your fine professional staff. Our Subcommittee simply could not do its work without the folks sitting behind you. Thanks to each of you for everything you do.

And with that, I am happy to yield to the gentleman from Virginia, my friend, Mr. Moran, for any opening remarks that he would like to make.

OPENING REMARKS OF MR. MORAN

Mr. MORAN. Thank you, Chairman, my friend from California.

I share the view of the Chairman on a number of points with regard to the budget. I do think it is a mixed bag, although there is no question but that you are doing a terrific job, Chief Tidwell. It is nice to see Mr. Dixon. And you have got a great staff. So any of our comments and concerns are not personal reflection but it is a matter of the environment in which we have to operate here.

I support the request for fire, and I know we are going to discuss it at length here, but funding a portion of the fire costs under the disaster budget cap, it will free up monetary resources. I think it makes sense.

But a number of the programs that the Chairman mentioned, I also think they are not a lot of money which they need not have been cut, and I am not sure why they needed to be, Urban Forestry, for example, Recreational Heritage, the Wilderness program, you know, a cut of \$2.6 million below last year, it is not a lot of money but it comes on the heels of a series of stagnant budgets. So it kind of sends the wrong signal. The Forest Service is the national leader in providing a variety of outdoor recreational experiences along with the Park Service and it really forms the genesis on the National Wilderness Preservation System. The Forest Service manages 440 wilderness areas, 36 million acres, and yet the budget request would cut Wilderness Management by 7 percent.

I have got a quote but I am going to hold off on the quotes. The point is, the wilderness should not be viewed as an afterthought

but really needs to be front and center in the agency's mission. I am concerned about the impact of the message sent by their proposed cuts to forest and rangeland research, which the Chairman referred to, and state and private forestry. We understand the demands placed on the Forest Service but cuts in research and stepping back from the agency's national and even international leadership role on a variety of forestry matters seems to be a little bit shortsighted and detrimental not only to the forest environment but to the Forest Service's long-term interests.

Now, with regard to grazing, it is kind of ironic that on this side of the aisle we seem to find ourselves on the side of the market, you know, let the market determine what is a competitive rate, let's look at the way that private landowners charge and let's get away from these government subsidies, which I would have thought my good friends on the other side would have found to be particularly troubling, and it seems like that is what the Administration wants to do is get away from these government subsidies and let the market determine what the real costs of grazing on public or private land ought to be. They ought to be more consistent, and they certainly are not now.

But nevertheless, we will pursue that, and since we are in the minority, we will lose it, but I do not think that you have a very good point to be made with the budget in that regard. We know these are challenging times for the Forest Service, dealing with fires and their costs, and I am afraid the fire costs are going to get ever larger as we clearly have more extreme weather events that we have experienced recently, and it is just going to get worse. The aftermath of the sequester is not going away. You are still having to deal with it. The people on this Subcommittee and I think really for the most part on the entire full Committee want to restore the money that was cut by the sequester. There are very few people on the Appropriations Committee, at least, that did not think that the sequester was an aberration and just simply wrong, a wrong way to budget.

But we want you to be able to maintain your leadership role in forestry management. We appreciate the leadership you are providing and all of your staff and look forward to your testimony and the Q&A to follow. Thank you.

OPENING REMARKS OF CHIEF TIDWELL

Mr. CALVERT. I thank the gentleman for his statement. I am going to yield to Mr. Simpson. I can take his rotation after Mr. Tidwell makes his opening statement.

FY 2015 BUDGET

Mr. TIDWELL. Mr. Chairman, members of the Committee, once again, it is a privilege to be here today with you to talk about the fiscal year 2015 budget request, and once again, I just want to thank you for the support that you have provided us over the years.

Last year when I was up here testifying, a key part of my testimony was to ask for your support for a couple of our key authorities that were about to expire—stewardship contracting, and the

Good Neighbor Authority—so thank you. Thank you for the good work to get the forestry title in the Farm Bill. Those programs are going to continue to help us to be able to get the work done, be able to create more jobs, and be more effective in our management. So thank you for that.

This budget request, I think recognizes the opportunity, and the responsibility that we have to do more to restore our national forest and grasslands to make sure that they will continue to provide that full mix of benefits: clean air, clean water, wildlife habitat, recreational settings, commodity production, jobs, and economic activity. Four hundred and fifty thousand jobs are supported from the activities off our national forest and grasslands. A hundred and seventy million visitors every year enjoy these areas.

SUPPRESSION CAP ADJUSTMENT

As you mentioned, and I appreciate your recognition about the proposed budget cap adjustment for fire suppression funding. It will finally stop this disruptive practice of having us shut down our operations almost every August, transfer funds to pay for the fire suppression costs and then just to have Congress repay those funds, usually within 3 or 6 months following that.

I want to thank Congressman Simpson for his leadership to introduce the bill, Mr. Chairman and the majority of this Subcommittee, I want to thank you for being cosponsors on this, recognize that this is a problem that goes way beyond just fire. It affects every single thing that we do. We have to shift over \$500 million out of our other programs over the years into fire suppression as the 10-year average continues to go up year after year. In just the last 3 years, we have had to increase our fire suppression funding by \$156 million. So with a constrained budget, we have to make those shifts and it impacts every program that we have. So thank you for the recognition of a need to stop the transfer, and at the same time, with the budget cap adjustment, as you have mentioned, it does free up some constraint space for us to increase the investment in Hazardous Fuels, to increase the investment in restoring our national forests, and to increase the investment in our Collaborative Forest Landscape Restoration programs. These are key programs that will allow us to address the problems, reduce the threat of wildfires, reduce the threat to communities, help restore our forests to make sure they continue to provide the full mix of benefits. We will still have adequate funding in preparedness to make sure that we continue to suppress 98 percent of every fire during initial attack.

This budget request also makes sure we can continue the research that is so essential for us to be able to have the science to understand what we need to do to restore these forests, to deal with the invasive species, to be able to address the effects of a changing climate. It also continues our work with state and private programs to be able to support private forests, to support urban forests that are so important to this country.

Now is the time for us to increase the investment to help restore these national forests, not only for the present generation but for the next generation. The science is clear, supported by results on the ground that we can reduce the effects of fire, reduce the effects

of insect and disease outbreaks, but we need to be able to increase the investment. I believe this budget request is a modest increase in those key programs to allow us to be able to move forward but at the same time be able to demonstrate the fiscal restraint that is so necessary as we deal with deficit reduction in this country.

Mr. Chairman, thank you for the time to be here today, and I look forward to answering your questions.

[The information follows:]

Statement of
Tom Tidwell, Chief of the USDA Forest Service
Before the
House Committee on Appropriations,
Subcommittee on Interior, Environment, and Related Agencies
Concerning
President's Fiscal Year 2015 Proposed Budget for the USDA Forest Service
April 2, 2014

Mr. Chairman and members of the Committee, thank you for inviting me here today to testify on the President's Budget request for the Forest Service for Fiscal Year (FY) 2015. I appreciate the support this subcommittee has shown for the Forest Service in the past, and in particular, thank you for your hard work on the FY 2014 Appropriations Act. When I testified before you last year, there were a number of important authorities, like stewardship contracting and good neighbor authority, which were set to soon expire. Thanks to the hard work of Congress on the 2014 Appropriations Act and the 2014 Farm Bill, we are in a much better position this year. I look forward to continuing to work together with members of the Committee to ensure that stewardship of our Nation's forests and grasslands continues to meet the desires and expectations of the American people. I am confident that this budget will allow the Forest Service to meet this goal while demonstrating fiscal restraint, efficiency, and cost-effective spending.

The FY 2015 President's Budget for the Forest Service focuses on three key areas: restoring resilient landscapes, building thriving communities, and managing wildland fires. It calls for a fundamental change in how wildfire suppression is funded. It proposes a new and fiscally responsible funding strategy for wildland fire, contributes to long-term economic growth, and continues our efforts to achieve the greatest benefits for the taxpayer at the least cost. This budget will enable us to more effectively reduce fire risk, manage landscapes more holistically, and increase resiliency of the Nation's forests and rangelands as well as the communities that border them.

The President's 2015 Budget also includes a separate, fully paid for \$56 billion Opportunity, Growth, and Security Initiative (OGS Initiative). The Initiative identifies additional discretionary investments that can spur economic progress, promote opportunity, and strengthen national security. The OGS Initiative includes funding for Forest Service programs. The OGS Initiative includes \$18 million for Research and Development and would focus on energy security and national economic stability while simultaneously addressing our conservation and restoration goals. In addition, the OGS Initiative includes \$61 million for Facilities and Trails to provide essential infrastructure maintenance and repair to sustain the benefits of existing infrastructure as domestic investments to grow our economy.

As part of the President's Opportunity, Growth, and Security Initiative and a permanent legislative proposal, the Forest Service would also have the opportunity to compete for

conservation and infrastructure project funding included within the Centennial initiative. The Centennial initiative supporting the 100th Anniversary of the National Park Service, features a competitive opportunity for the public land management bureaus within the Department of the Interior and the Forest Service to address conservation and infrastructure project needs. The program would be managed within Interior's Office of the Secretary in conjunction with the Department of Agriculture with clearly defined project criteria. The Administration proposes \$100 million for the National Park Service anniversary's Centennial Land Management Investment Fund, as part of the Opportunity, Growth and Security Initiative and \$100 million for conservation and infrastructure projects annually for three years as part of a separate legislative proposal.

The Opportunity, Growth, and Security Initiative also includes a \$1 billion Climate Resilience Fund. A portion of this funding source allows us to continue to invest in research to better understand the projected impacts of climate change and how we can better prepare our communities and infrastructure. The Fund would also serve to fund breakthroughs in technologies and resilient infrastructure development that will make us more resilient in the face of changing climate. The Fund proposal includes three Forest Service programs: an increase of \$50 million for State Fire Assistance Grants to increase the number of communities that are "Firewise" and the number of communities implementing building codes and building protection requirements, resulting in increased protection of communities, their residents and private property; an increase of \$50 million for IRR and Hazardous Fuels to enhance support for public lands managers to manage landscape and watershed planning for increased resilience and risk reduction; and an increased \$25 million for Urban and Community Forestry to maintain, restore and improve urban forests mitigating heat islands and other climate change impact.

Value of the Forest Service

Our mission at the Forest Service is to sustain the health, diversity, and productivity of the Nation's forests and grasslands to meet the needs of present and future generations. The Forest Service manages a system of national forests and grasslands totaling 193 million acres in 44 States and Puerto Rico, an area almost twice the size of California. These lands entrusted to our care provide some of the richest resources and most breathtaking scenery in the Nation, are the source of drinking water for millions of Americans, and support hundreds of thousands of jobs. Thousands of communities across the Nation depend on the national forests for their social well-being and economic prosperity.

Since our founding in 1905, as the Nation's leading forestry organization, we continue to serve Americans by supporting the sustainable stewardship of more than 600 million acres of non-Federal forest land across the Nation, including 423 million acres of private forest land, 69 million acres of State forest land, 18 million acres of Tribal forests, and over 100 million acres of urban and community forests. This commitment to sustainable forest management helps Americans use their lands while caring for them in ways that benefit them, their families, their communities, and the entire Nation.

We also maintain the largest forestry research organization in the world, with more than a century of discoveries in wood and forest products, fire behavior and management, and sustainable forest management. We are pursuing cutting-edge research in nanotechnology and green building materials, expanding markets for woody biomass. Land managers across the

Nation use the results of our research to conserve forests, ensuring continuation of a full range of benefits for future generations.

America's forests, grasslands, and other open spaces are integral to the social, ecological, and economic well-being of the Nation. They play a vital role in providing public benefits such as clean air, clean water, mineral and energy production, and fertile soils for supporting timber, forage, carbon storage, food and fiber, fish and wildlife habitat, along with myriad opportunities for outdoor recreation. The Forest Service provides a valuable service to the public by restoring and improving forest, grassland, and watershed health; by producing new knowledge through our research; and by providing financial and technical assistance to partners, including private forest landowners.

The benefits from Forest Service programs and activities include jobs and economic activity. Jobs and economic benefits stem not only from public use of the national forests and grasslands, but also from Forest Service management activities and infrastructure investments. We complete an economic analysis that calculated activities on the National Forest System contributed over \$36 billion to America's gross domestic product, and supported nearly 450,000 jobs during FY 2011.

Through our Job Corps and other programs including the 21st Century Conservation Service Corps, we provide training and employment for America's youth, and we help veterans transition to civilian life. Our Urban and Community Forestry Program has provided jobs and career-training opportunities for underemployed adults and at-risk youth.

The Forest Service routinely leverages taxpayer funds by engaging partners who contribute to investments in land management projects and activities. In FY 2013, for example, we entered into more than 8,200 grants and agreements with partners who made a total of about \$540 million in cash and noncash contributions. Combined with our own contribution of nearly \$730 million, the total value of these partnerships was over \$1.27 billion.

Other noncommercial uses provide crucial benefits and services to the American people. Many Tribal members use the national forests and grasslands for hunting, fishing, and gathering wild foods and other materials for personal use. They also use sacred sites on NFS lands for ritual and spiritual purposes.

National forests and grasslands attract about 160 million visits annually, and 55 percent of those visitors engage in strenuous physical activities. Based on studies showing that outdoor activities contribute to improved health and increased fitness, the availability of the Nation's forests and grasslands to all Americans provide other tangible benefits. In addition, since more than 83 percent of Americans live in metropolitan areas where opportunities to experience nature are often reduced, the Forest Service has developed an array of programs designed to get people into the woods, especially children. Each year, we reach an average of more than 5 million people with conservation education programs.

Challenges to Conservation

Our Nation's forest and grassland resources continue to be at risk due to drought, uncharacteristically severe wildfire behavior, invasive species, and outbreaks of insects and disease. Although biodiversity remains high on national forests and grasslands, habitat

degradation and invasive species pose serious threats to 27 percent of all forest-associated plants and animals, a total of 4,005 species.

The spread of homes and communities into wildfire-prone areas is an increasing management challenge. From 2000 to 2030, the United States could see substantial increases in housing density on 44 million acres of private forest lands nationwide, an area larger than North and South Carolina combined. More than 70,000 communities are now at risk from wildfire, and less than 15,000 have community wildfire protection plans.

This same growth and development is also reducing America's forest habitat and fragmenting what remains. From 2010 to 2060, the United States is predicted to lose up to 31 million acres of forested lands, an area larger than Pennsylvania.

Forest Service scientists predict that fire seasons could return to levels not seen since the 1940s, exceeding 12 to 15 million acres annually. Highlighting these concerns, for the first time since the 1950s, more than 7 million acres burned nationwide in 2000 and more than 9 million acres burned in 2012. In 2013, the largest fire ever recorded in the Sierra Nevada occurred, and a devastating blaze in Arizona killed 19 highly experienced firefighters.

Budget Request and Focus Areas

To meet the challenges ahead, the Forest Service is focusing in three key areas: restoring resilient landscapes, building thriving communities, and managing wildland fires. We continue to implement cultural initiatives and cost savings measures focused on achieving a safer, more inclusive, and more efficient organization. To help us achieve these goals, the President's proposed overall budget for discretionary funding for the Forest Service in FY 2015 is \$4.77 billion. The Budget also proposes a new and fiscally responsible funding strategy for wildland fire that recognizes that catastrophic wildland fires should be considered disasters, funded in part by additional budget authority provided through a budget cap adjustment for wildland fire suppression. Combined with the funding for fire suppression in the discretionary request, this strategy will fully fund estimated wildfire suppression funding needs.

Restoring Resilient Landscapes

Our approach to addressing ecological degradation is to embark on efforts that support ecological restoration allowing for healthier more resilient ecosystems. In cooperation with our partners across shared landscapes, we continue to ensure that the Nation's forests and grasslands retain their ability to deliver the social, economic, and ecological values and benefits that Americans want and need now and for generations to come.

In February 2011, President Obama launched the America's Great Outdoors Initiative, setting forth a comprehensive agenda for conservation and outdoor recreation in the 21st century. In tandem with the President's initiative, Secretary of Agriculture Vilsack outlined an All Lands vision for conservation calling for partnerships and collaboration to reach shared goals for restoring healthy, resilient forested landscapes across all landownerships nationwide. In response, the Forest Service has launched an initiative to accelerate restoration across shared landscapes. The Accelerated Restoration Initiative builds on Integrated Resource Restoration (IRR), the Collaborative Forest Landscape Restoration Program (CFLRP), the 2012 planning rule, and other restoration-related programs and initiatives to pick up the pace of ecological

restoration while creating more jobs in rural communities. Our collaborative, holistic approach to restoring forest and grassland health relies on the State Forest Action Plans and the Forest Service's own Watershed Condition Framework to identify high-priority areas for restoration treatments.

In FY 2012, Congress authorized the Forest Service to pilot test the combination of multiple budget line items into a single line item for IRR. By combining funds from five budget line items we can better integrate and align watershed protection and restoration into all aspects of our management. In FY 2013, our integrated approach restored almost over 2,533,000 acres of forest and grassland, decommissioned 1,490 miles of roads, and restored 4,168 miles of stream habitat substantially improving conditions across 12 entire watersheds across the NFS. Given the success demonstrated in the three pilot regions, we propose fully implementing IRR across the entire Forest Service in FY 2015. We propose a national IRR budget of \$820 million. Investing in IRR in FY 2015 is expected to result in 2,700,000 watershed acres treated, 3.1 billion board feet of timber volume sold, approximately 2,000 miles of road decommissioned, and 3,262 miles of stream habitat restored or enhanced. An estimated 26 watersheds will be restored to a higher condition class in FY 2015.

CFLRP was created in 2009 to help restore high-priority forested landscapes, improve forest health, promote job stability, create a reliable wood supply, and to reduce firefighting risks across the United States. The Secretary of Agriculture selected 23 large-scale projects for 10-year funding. Although the projects are mostly on NFS land, the collaborative nature of the program ties communities to local forest landscapes, engaging them in the work needed to restore the surrounding landscapes and watersheds. We propose to increase authorization for this successful collaborative program in the FY 2015 President's Budget. We propose to increase the program authorization to \$80 million and are requesting \$60 million in FY 2015 to continue implementation of the current 23 projects and for inclusion of additional projects. All of the existing projects are on track to meet their 10-year goals, and to date, more than 588,461 acres of wildlife habitat have been improved, while generating 814 million board feet of timber and 1.9 million green tons of biomass for energy production and other uses.

To gain efficiencies in our planning efforts, the Forest Service is moving forward with implementing a new land management planning rule. The new rule requires an integrated approach to forest plan preparation and multilevel monitoring of outcomes that allows for adaptive management, improved project implementation, and facilitated landscape scale restoration. We are also working to be more efficient in our environmental analyses under the National Environmental Policy Act (NEPA) through development of three restoration-related categorical exclusions promoting hydrologic, aquatic, and landscape restoration approved in 2013. Other investments in "Electronic Management of NEPA" (eMNEPA) have significantly reduced administrative costs; we estimate that we save approximately \$17 million each year because of these investments. Collectively, these efforts will help land managers to focus on collaborative watershed restoration efforts that also promote jobs and economic opportunities in rural communities.

Building Thriving Communities

The Forest Service works to build thriving communities across the Nation by helping urban communities reconnect with the outdoors, by expanding the benefits that both rural and urban residents get from outdoor recreation, and by providing communities with the many economic

benefits that result from sustainable multiple-use management of the national forests and grasslands.

Through our Recreation, Wilderness and Heritage program, we are dedicated to serving tens of millions of recreation visitors each year. Rural communities rely on the landscapes around them for hunting, fishing, and various amenities; the places they live are vital to their identity and social well-being. We maintain these landscapes for the character, settings, and sense of place that people have come to expect, such as popular trail corridors and viewsheds.

In support of the President's America's Great Outdoors Initiative and the First Lady's "Let's Move" initiative, we are implementing a Framework for Sustainable Recreation. The framework is designed to ensure that people of all ages and from every socioeconomic background have opportunities to visit their national forests and grasslands—and, if they wish, to contribute through volunteer service. We focus on sustaining recreational and heritage-related activities on the National Forest System for generations to come. That includes maintaining and rehabilitating historic buildings and other heritage assets for public use, such as campgrounds and other historic facilities built by the Civilian Conservation Corps.

A significant portion of our budget to sustain operations for outdoor recreation—roughly 20 percent—comes from fees collected under the Federal Lands Recreation Enhancement Act (FLREA), of the fees collected, 95 percent are locally reinvested to maintain and restore the facilities and services for outdoor recreation that people want and need. We propose permanent authority for the FLREA while clarifying its provisions and providing more consistency among agencies. This is an interagency proposal with the Department of the Interior.

For decades, the Forest Service has focused on protecting and restoring critical forested landscapes, not only on the national forests, but also on non-Federal lands. All 50 States and Puerto Rico prepared comprehensive State Forest Action Plans identifying the forested landscapes most in need of protection and restoration. Based on the State plans, the Forest Service has been working with State and other partners to tailor our programs accordingly, applying our limited resources to the most critical landscapes.

In FY 2014, we began building on our successful State and Private Forestry Redesign initiative through a new program called Landscape Scale Restoration. The program allows States to continue pursuing innovative, landscape-scale projects across the Forest Health Management, State Fire Assistance, Forest Stewardship, and Urban and Community Forestry programs without the limitation of a specific mix of program funding. The program is designed to capitalize on the State Forest Action Plans to target the forested areas most in need of restoration treatments while leveraging partner funds. We propose funding the new program at almost \$24 million.

We are also using the State Forest Action Plans to identify and conserve forests critical for wildlife habitat and rural jobs through our Forest Legacy Program. Working through the States, we provide working forests with permanent protection by purchasing conservation easements from willing private landowners. As of February 2014, the Forest Legacy Program had protected more than 2.36 million acres of critical working forests, benefiting rural Americans in 42 States and Puerto Rico.

We propose \$53 million in discretionary funding for Forest Legacy and \$47 million in mandatory funds, from the Land and Water Conservation Fund (LWCF), for a total of \$100

million. The increase is a key component of the President's America's Great Outdoors Initiative to conserve critical landscapes and reconnect Americans to the outdoors through reauthorizing the LWCF as fully mandatory funds in FY 2016.

In a similar vein, our Land Acquisition Program is designed to protect critical ecosystems and prevent habitat fragmentation. In accordance with the President's America's Great Outdoors Initiative, we worked with the Department of the Interior to establish a Federal interagency Collaborative Landscape Planning Program, designed to leverage our joint investments and coordinate our efforts to protect intact, functioning ecosystems across entire landscapes. Land acquisitions are a proven value for the taxpayer, making it easier and less expensive for people to access their public lands—and easier and less expensive for the Forest Service to manage and restore the lands entrusted to our care. An analysis by The Trust for Public Land showed that every \$1 invested in Federal land acquisition returns \$4 to the taxpayer; taking returns beyond 10 years into account, the benefits are even greater.

The President's FY 2015 budget proposes \$51 million in discretionary funding for our Federal Land Acquisition program and almost \$76.7 million in mandatory funding from the LWCF, for a combined total of \$127.7 million. These mandatory funds are part of the President's proposed LWCF reauthorization with fully mandatory funds starting in FY 2016.

Working with the Department of the Interior, we propose to permanently authorize annual mandatory funding, without further appropriation or fiscal year limitation for the Departments of the Interior and Agriculture LWCF programs beginning in fiscal year 2015. Starting in 2016, \$900 million annually in permanent funds would be available. During the transition to full permanent funding in 2015, the budget proposes \$900 million in total LWCF funding, comprised of \$550 million in permanent and \$350 million discretionary funds.

Another legislative proposal listed in our FY 2015 budget is an amendment to the Small Tracts Act to provide land conveyance authority for small parcels, less than 40 acres, to help resolve encroachments or trespasses. Proceeds from the sale of National Forest System lands under this proposed authority would be collected under the Sisk Act and used for future acquisitions and/or enhancement of existing public lands.

We are also helping communities use their wood resources for renewable energy. Through the Forest Service's Woody Biomass Utilization Grants Program, we are funding grants to develop community wood-to-energy plans and to acquire or upgrade wood-based energy systems and in FY 2013, State and Private Forestry awarded ten biomass grant awards totaling almost \$2.5 million to small businesses and community groups. In an interagency effort with the Rural Utilities Service, Rural Housing Service, and Rural Business-Cooperative Service within USDA Rural Development and the Farm Service Agency, the USDA Wood to Energy Initiative synergistically facilitates achievement of the cooperating agencies' goals. The Forest Service leverages its small amount of grant funds with the Rural Development's grant and loan programs by providing subject matter expertise and technical assistance in the early stages of project development, so the proponents can successfully compete for Rural Development's loans and grants. Our goal is lower energy bills, greater rural prosperity, and better environmental outcomes overall.

Better environmental outcomes result, in part, from removing woody materials to restore healthy, resilient forested landscapes. Many of the materials we remove have little or no market value,

and by finding new uses for them through our Research and Development Programs, we can get more work done, producing more jobs and community benefits. Our Bioenergy and Biobased Products Research Program is leading the way in researching wood-based energy and products. Through discoveries made at our Forest Products Lab, woody biomass can now be used to develop cross-laminated timber for building components such as floors, walls, ceilings, and more. Completed projects have included the use of cross-laminated panels for 10-story high-rise buildings.

Over 83 percent of America's citizens now live in urban areas. For most Americans, their main experience of the outdoors comes from their local tree-lined streets, greenways, and parks, not to mention their own backyards. Fortunately, America has over 100 million acres of urban forests, an area the size of California. Through our Urban and Community Forestry Program, the Forest Service has benefited more than 7,000 communities, home to 196 million Americans, helping people reap the benefits they get from trees, including energy conservation, flood and pollution control, climate change mitigation, and open spaces for improved quality of life.

We are expanding our work with cities such as New York, Philadelphia, and Los Angeles, working with an array of partners in the Urban Waters Federal Partnership to restore watersheds in urban areas. We are also helping communities acquire local landscapes for public recreation and watershed benefits through our Community Forest and Open Space Conservation Program, which is funded at \$1.7 million in the FY 2015 President's Budget. Our goal is to help create a Nation of citizen-stewards committed to conserving their local forests and restoring them to health for all the benefits they get from them.

Our community focus supports the President's America's Great Outdoors Initiative to achieve landscape-scale restoration objectives, connect more people to the outdoors, and support opportunities for outdoor recreation while providing jobs and income for rural communities. Building on existing partnerships, we have established a 21st Century Conservation Service Corps to help us increase the number of work and training opportunities for young people and veterans while accomplishing high-priority conservation and restoration work on public lands.

Managing Wildland Fires

The Administration has worked this year to analyze and develop a strategy to address catastrophic fire risk. The Budget calls for a change in how wildfire suppression is funded in order to reduce fire risk, to more holistically manage landscapes, and to increase the resiliency of the Nation's forests and rangelands and the communities that surround them. The cost of suppression has grown from 13 percent of the agency's budget just 10 years ago to over 40 percent in 2014. This increase in the cost of wildland fire suppression is subsuming the agency's budget and jeopardizing its ability to implement its full mission. The growth in the frequency, size, and severity of fires in recent years; along with the continual expansion of the wildland urban interface (WUI) have all increased the risks of catastrophic fires to life and property. Collectively these factors have resulted in suppression costs that exceeded amounts provided in annual appropriations requiring us to transfer funds from other programs to cover costs. This shift in funding is creating a loss in momentum for critical restoration and other resource programs as fire transfers deplete the budget by up to \$500 million annually.

The FY 2015 Budget proposes a new funding strategy that recognizes the negative effects of funding fire suppression as we have historically. The budget proposes funding catastrophic

wildland fires similar to other disasters. Funded in part by additional budget authority provided through a budget cap adjustment for wildfire suppression, the budget proposes discretionary funding for wildland fire suppression at a level equal to 70 percent of the estimated 10-year average suppression costs, which reflects the level of spending associated with suppression of 99 percent of wildfires. In addition, the budget includes up to \$954 million to be available under a disaster funding cap adjustment to meet suppression needs above the base appropriation. This proposed funding level includes 30 percent of the 10-year average of fire suppression costs and the difference to the upper limit of the 90th percentile range forecast for suppression costs for FY 2015. This additional funding would be accessed with Secretarial declaration of need or imminent depletion of appropriated discretionary funds. This strategy provides increased certainty in addressing growing fire suppression needs, better safeguards non-suppression programs from transfers that diminish their effectiveness, and allows us to stabilize and invest in programs that more effectively restore forested landscapes, treat forests for the increasing effects of climate change, and prepare communities in the WUI for future wildfires.

Our evolving approach to managing wildland fire is integral to meeting our goals of safety, landscape-scale restoration, cross-boundary landscape conservation, and risk management. We continue to learn more about wildland fire, and we continue to apply what we learn through fire and risk management science in partnership with States, communities, and other Federal agencies. We strive to maximize our response capabilities and to support community efforts to reduce the threat of wildfire and increase ecosystem resilience. The agency has made great progress in its continued focus on risk-based decision-making when responding to wildfires, and in 2015 will continue this important work to better inform decision makers on the risks and trade-offs associated with wildfire management decisions. The Budget also furthers efforts to focus hazardous fuels treatments on 1.4 million WUI acres focused on high priority areas identified in Community Wildfire Protection Plans.

Through our Hazardous Fuels Program, the Forest Service controls fuels by removing buildups of dead vegetation and by thinning overly dense forests that can be hazardous to lives, homes, communities, and wildland resources. From FY 2001 to FY 2013, the Forest Service treated about 33 million acres, an area larger than Mississippi. For FY 2015, we propose \$358.6 million for our Hazardous Fuels program. We also propose performing non-WUI Hazardous Fuels work within the IRR line item in order to accomplish work more efficiently. With more than 70,000 communities in the WUI at risk from wildfire, the Forest Service is working through cross-jurisdictional partnerships to help communities become safer from wildfires. Through the Firewise program, the number of designated Firewise communities rose from 400 in FY 2008 to nearly 1,000 in FY 2013.

Our Hazardous Fuels program is also designed to help firefighters manage wildfires safely and effectively, and where appropriate, to use fire for resource benefits. Our Preparedness program is designed to help us protect lives, property, and wildland resources through an appropriate, risk-based response to wildfires. Preparedness has proven its worth; Fire Program Analysis, a strategic management tool, shows that every \$1.00 subtracted from preparedness funding adds \$1.70 to suppression costs because more fires escape to become large and large fires are more expensive to suppress. Unless we maintain an adequate level of preparedness, we risk substantial increases in overall fire management costs.

Airtankers are a critical part of our response to wildfire. Their use plays a crucial role in keeping some fires small and greatly assists in controlling the large fires. Accordingly, we are

implementing a Large Airtanker Modernization Strategy to replace our aging fleet with next-generation airtankers. Our strategy, reflected in our budget request, would fund both the older aircraft still in operation and the next-generation airtankers currently under contract. It would also cover required cancellation fees and the C-130 Hercules aircraft transferred by the U.S. Coast Guard.

Safety and Inclusion

In addition to our focus on restoring resilient landscapes, building thriving communities, and managing wildland fire, we continue our agency efforts to become a safer, more diverse, and more inclusive organization.

Accomplishing our work often takes us into high-risk environments. For that reason, for several years now, we have undertaken a learning journey to become a safer organization. Every one of our employees has taken training to become more attuned to safety issues and the need to manage personal risk. As part of this effort, safety means recognizing the risk and managing it appropriately. Our goal is to become a zero-fatality organization through a constant, relentless focus on safety.

Recognizing that more than 83 percent of Americans live in metropolitan areas, the Forest Service is outreaching to urban and underserved communities to introduce more people to opportunities to get outdoors, to participate in NFS land management, and to engage in conservation work in their own communities. Part of this inclusiveness is creating new opportunities to come into contact with and to hiring individuals from various backgrounds that might not otherwise be exposed to other Forest Service programs.

Cost Savings

The Forest Service is committed to achieving the greatest benefits for the taxpayer at the least cost. Mindful of the need for savings, we have taken steps to cut operating costs. Taking advantage of new technologies, we have streamlined and centralized our financial, information technology, and human resources operations to gain efficiencies and save costs. We continue to work with other USDA agencies under the Blueprint for Stronger Service to develop strategies for greater efficiencies in key business areas. In FY 2013, we saved millions of dollars through additional measures to promote efficiencies, ranging from an \$800,000 annual savings through consolidation of local telephone service accounts to right-sizing our existing Microsoft software licenses, which yielded over \$4 million in savings in FY 2013. In FY 2013, we also instituted measures that will yield \$100 million in cost pool savings by FY 2015.

Another cost saving highlight is the Forest Service completion of the design and construction for the renovation of the Yates Building on schedule, and within budget. On January 13, 2014, following completion of the renovation, all 762 Washington Office located employees apart from International Programs were finally located in the same building. Beside these benefits, this move is expected to save \$5 million annually in leasing costs.

Future Outlook

For more than a century, the Forest Service has served the American people by making sure that their forests and grasslands deliver a full range of values and benefits. America receives

enormous value from our programs and activities, including hundreds of thousands of jobs and annual contributions to the economy worth many times more than our entire annual discretionary budget. Especially in these tough economic times, Americans benefit tremendously from investing in Forest Service programs and activities.

Now we are facing some of the greatest challenges in our history. Invasive species, climate change effects, regional drought and watershed degradation, fuel buildups and severe wildfires, habitat fragmentation and loss of open space, and devastating outbreaks of insects and disease all threaten the ability of America's forests and grasslands to continue delivering the ecosystem services that Americans want and need. In response, the Forest Service is increasing the pace and scale of ecological restoration. We are working to create healthy, resilient forest and grassland ecosystems capable of sustaining and delivering clean air and water, habitat for wildlife, opportunities for outdoor recreation, and many other benefits.

Our budget request focuses on the public's highest priorities for restoring resilient landscapes, building thriving communities, and safely managing wildland fire while providing an effective emergency response. Our requested budget will enable us to address the growing extent and magnitude of our management challenges and the mix of values and benefits that the public expects from the national forests and grasslands. We will continue to lead the way in improving our administrative operations for greater efficiency and effectiveness in mission delivery. Our research will continue to solve complex problems by creating innovative science and technology for the protection, sustainable management, and use of all forests, both public and private, for the benefit of the American people. Moreover, we are working ever more effectively to optimize our response to cross-cutting issues by integrating our programs and activities.

We can achieve these priorities through partnerships and collaboration. Our budget priorities highlight the need to strengthen service through cooperation, collaboration, and public-private partnerships that leverage our investments to reach shared goals. Through strategic partnerships, we can accomplish more work while also yielding more benefits for all Americans, for the sake of all generations to come.

This concludes my testimony, Mr. Chairman. I would be happy to answer any questions that you or the Committee Members have for me.



Tom Tidwell

Tom Tidwell has spent 33 years in the Forest Service. He has served in a variety of positions at all levels of the agency, including as district ranger, forest supervisor, and legislative affairs specialist in the Washington Office. As deputy regional forester for the Pacific Southwest Region, Tom facilitated collaborative approaches to wildland fire management, roadless area management, and other issues. As regional forester for the Northern Region, Tom strongly supported community-based collaboration in the region, finding solutions based on mutual goals and thereby reducing the number of appeals and lawsuits.

In 2009, after being named Chief, Tom set about implementing the Secretary's vision for America's forests. Under his leadership, the Forest Service is restoring healthy, resilient forest and grassland ecosystems—ecosystems that can sustain all the benefits that Americans get from their wildlands, including plentiful supplies of clean water, abundant habitat for wildlife and fish, renewable supplies of wood and energy, and more.

Such benefits are at risk from the effects of climate change, and Tom has led the way in forging a national response. Under Tom's leadership, the Forest Service has charted a national roadmap for addressing climate change through adaptation and mitigation. The Forest Service is taking steps to help ecosystems adapt to the effects of a changing climate while also taking action to mitigate climate change, partly by reducing greenhouse gas emissions.

Tom has facilitated an all-lands approach to addressing the challenges facing America's forests and grasslands, including the overarching challenge of climate change. Such challenges cross borders and boundaries; no single entity can meet them alone. Under Tom's leadership, the Forest Service is working with states, Tribes, private landowners, and other partners for landscape-scale conservation—to restore ecosystems on a landscape scale.

Tom is married to Kim, and they have one daughter, MacKenzie.

Antoine “Tony” Dixon
Director of Strategic Planning, Budget and Accountability (Budget)
USDA Forest Service

Tony Dixon, a native of Atlanta, Georgia, is currently the Director for the Strategic Planning, Budget, and Accountability office for the USDA Forest Service, a position he has held since July 2013. In this capacity, he is responsible for management and oversight of the execution, formulation, and presentation of the agency’s budget, developing and integrating implementation of the agency strategic plan, and all performance and accountability measures and agency strategic goals.

Tony is a 23-year employee of the US Forest Service and launched his career as a cooperative education student on the Routt National Forest in Steamboat Springs, CO. He has served in a variety of positions and geographical locations, including the National Director of the Forest Service Job Corps Program, Deputy Regional Forester of the Rocky Mountain Region, and Forest Supervisor of the National Forests in Mississippi. He also served as the Deputy Regional Director of Public Affairs in the Atlanta-based Southern Regional Office and held a number of positions in the National Headquarters in Washington, DC, including Program Analyst, Legislative Affairs Specialist, Deputy Area Budget Coordinator, and Chief of Staff for the Deputy Chief of the National Forest System.

Tony has a bachelor’s degree in marketing and forestry from Alabama A&M University and a master’s degree in administration from Central Michigan University. He is the father of one adult son, Christopher.

Mr. CALVERT. Thank you for your statement, and I will now recognize Mr. Simpson.

Mr. SIMPSON. Thank you, Mr. Chairman. I appreciate the opportunity to go first so that we can start the Energy and Water hearing with the Secretary at 10 o'clock.

WILDFIRE FUNDING

Let me ask you a couple of questions, Chief, about this wildfire funding proposal. As you know, obviously I support it. I have introduced a bill to do the same sort of thing. But what I hear are concerns that allowing wildfire suppression to be funded through a disaster cap adjustment would increase overall discretionary spending. How do you respond to that?

Mr. TIDWELL. Mr. Congressman, it will not increase discretionary spending.

Mr. SIMPSON. That is a good response. I like that.

Mr. TIDWELL. Your proposal provides for the funding during the year where the fires occur versus having Congress repay that. The concept here is that within every budget there are discretionary funds that are available for disasters, and for this year I think it is close to \$12 billion that is available. The Federal Emergency Management Agency (FEMA) has the authority to use between \$5 and \$6 billion of that. There is another \$6 billion that is already available for disaster relief. It is time for us to just recognize that certain wildfires are a natural disaster, and yes, they occur every year, but just like many of the other natural disasters, whether a hurricane, tornados, floods, we have some of those almost every year. It is time for us to recognize that. Your proposal is that 70 percent of our suppression costs will be in our discretionary budget. That will cover about 99 percent of our fires. It is 1 percent of our fires that create 30 percent of the costs. It is those large fires, usually around communities, that really drive the cost of this. So your proposal will not increase discretionary spending but it will just stop that disruptive practice of us having to shut down operations in August, put people out of work and then just to have the money to pay back a few months later.

Mr. SIMPSON. Really what we are trying to do is change not the amount we spent on fires—I would like to reduce the amount we spend on fires by having less fires, but the reality is, we are going to pay whatever it costs to fight these wildfires. We are either going to do it through the way we have been doing it with fire borrowing and then repaying those funds later on after the season is over so you cannot go in and do hazardous fuels reduction, even though we have paid back those accounts. Really what we are talking about is a better way to manage the account, not increase funding for wildfire fighting.

One of the other concerns that I have heard expressed is that it will create less accountability within the Service on wildfire fighting costs. How do you respond to that?

FIRE RISK MANAGEMENT

Mr. TIDWELL. It will not. The accountability will stay the same, and we are committed to doing our best job when it comes to financial management, and our focus on risk management, to be able to

really factor in risk management into our decisions has made a significant reduction by avoiding tactics that are not successful. For instance, in fiscal year 2012 when we looked at the change in our approach, our strategy on the fires we had during fiscal year 2012, we estimated we saved \$377 million of costs versus the way we approached fires a few years ago by recognizing that under certain conditions going in there and building that line that is just going to burn over the next day and to recognize we need to fall back until we get to the right landscape, the right set of fuels, the right conditions so we can make a stand and hold it. Because of the science that has been developed over the years, we can make better decisions, and we are avoiding risk and avoiding some costs.

In addition to that, we will continue to do our reviews of each large fire to be able to analyze those costs, and there is still the incentive that as fire costs go up, that is still going to have to come out of our discretionary budget. For instance, if total fire costs go up \$100 million, the 10-year average goes up \$100 million, in the past it would be \$100 million that would have to come out of other programs. Well, even under your proposal, there is still going to be \$70 million, 70 percent of it, that is still going to have to come out of other programs. So the incentives are still the same.

I just need to be able to do a better job to help people recognize how the conditions have changed. We are doing a better job fighting fires today than we ever have. We have better technology. We are making better decisions. But you cannot change the fact that our fire seasons are 60 to 70 days longer than they used to be, and that is a combination of the change in climate, the conditions we have on the landscape and then also the millions of acres of wildland-urban interface. Even in your State and definitely, Mr. Chairman, every place in your State, whenever we get a fire, the first thing we have to do is protect homes, keep the fire out of communities before we can even think about suppressing that fire. That has contributed to the costs. That is not going to change. I understand why people want to live next to the national forest. I want to live there too. But in combination of what we are talking about here and then continuing to work with our States, we can do a better job to reduce that threat, but it is just essential that we stop this disruptive practice.

Mr. SIMPSON. Well, I need to thank you for the work that you did up around Ketchum this last summer. It was amazing when I went up there, the homes you saved. There is absolutely no reason any of those homes are still standing today except for the great work the Forest Service and hotshot crews from all over the country that came in and did fantastic work.

But what everybody needs to understand is, if we budget according to the request as 70 percent of the 10-year average and we do not get the cap adjustment, we will be in worse shape than we have been in the past, because all of a sudden you will be borrowing a lot more because you will only be funded at 70 percent of the 10-year average. So the cap adjustment is vitally important if we are going to budget this way.

AIRTANKERS

One last question if I could ask it, Mr. Chairman. In the defense authorization bill last year, the Forest Service acquired a number of C-130s. My understanding is that these planes required retrofitting and work to be able to meet the Forest Service needs. What is the status of those planes? Where do you intend to base them? And what is your plan to maintain those planes? I suspect this does not address the full need of the Forest Service for planes. What is our standing there?

Mr. TIDWELL. Okay. The status is that we are working already with the Air Force to begin the process of retrofitting those planes and then transferring them. It is going to take probably close to 3 years before all seven of them are in restoration. The rest will come on in another year or two. We will contract out the maintenance and operation of these aircraft where we have several different offers of facilities that have the hangar space, et cetera, to be able to do the maintenance of these planes, so we are in the process of making that decision.

It will not be enough. Our large air tanker strategy estimates between 18 and 28 planes that we need. Our budget request in fiscal year 2015, we are asking for funding to be able to have 25 large air tankers, and that will be a mix of our legacy contracts, our next-generation aircraft, and even in fiscal year 2015 we may still need to be able to contract with Canada for use of some of their aircraft. We feel this is the right number we need to have with the mix of aircraft that we have, and so that is our plan. So these seven aircraft will be very helpful. It will be part of the fleet but it will just be part of it.

[The information follows:]

We expect one Forest Service owned and contractor operated C-130 H aircraft to be operational in early FY 2015.

Mr. SIMPSON. Thank you.

Mr. CALVERT. I thank the gentleman.

Mr. Moran.

SUPPRESSION CAP ADJUSTMENT

Mr. MORAN. Mr. Calvert, before Mr. Simpson leaves, I do want to put on the record, because I do not know whether it has been reported on much but what he did in terms of the fire budget showed real leadership. He really deserves a lot of credit on that. It is also bipartisan and it gave an opportunity for the Administration to work with the legislative branch. That is probably why we will never read about it. It is a real success. So nice going, Mike.

Mr. SIMPSON. Thank you.

Mr. MORAN. Mr. Chairman, Ms. Pingree has a hearing at 10, so I would like to defer to her for questions.

Mr. CALVERT. Ms. Pingree, you are recognized.

FOREST INVENTORY AND ANALYSIS

Ms. PINGREE. Thank you very much, Mr. Chair. Thank you to the Ranking Member, my colleague, for just giving me a minute. I will not take up a lot of your time, but thank you so much for the good

work you do, and to my colleagues who I know are diligent on these issues who have a lot of Forest Service land and who have to deal with the devastating losses due to forest fires, I appreciate some of the challenges that they face.

I come from the opposite end of the country, and in New England, we do not have that much land managed by the Forest Service but our forests are extremely important to us economically in Maine. They have been just sort of the backbone of our economic landscape for a very long time.

I am going to ask you just about one tiny little program that we are concerned about. So the FIA, the Forest Inventory and Analysis program, is critically important to us because of the information it provides us, and right now we are obsessed with the winter moth in Maine and the damage that it is doing in coastal areas, the defoliation that started to occur, and then the other places where people have observed the winter moth and are just starting to see some of the effects. I know that we are able to access some biological controls, and that has been very useful to us, but we are concerned about what will happen in the future, and particularly I am concerned about the budget cuts in this area and whether we will be able to continue to access assistance on this, so it is just one tiny piece of a multitude of things that you do, but can you comment on that and what concerns you have about how we will be able to access that in the future.

Mr. TIDWELL. Thank you for your question. First, with FIA, the budget request will allow us to continue to be able to do all the surveys in all the states in the lower 48 and everywhere except interior Alaska. There is an increasing concern, especially in the East, to accelerate the pace and rereading the plots, and so we work very closely with the states that are able to contribute, to be able to accelerate that, and because of situations like with the winter moth, that is a good example of the need to probably get in there and do reread the plots a little more often than we currently do.

RESEARCH AND DEVELOPMENT

The other key part of it is our research. We continue to have species come in like the winter moth. It is essential that we maintain our research to be able, ideally, to find a control, whether it is hopefully a biological control that will help slow that down, but then also to really understand these species, how they move about and what can we do on the landscape. Maine has incredible forests, and our role there is to help support through our research and development, through our state and private programs to work with the State to make sure that we are providing the science that they need and not only with control, biological controls, but also how we maybe need to manage the species a little different. There are different things we need to do silviculturally to address the stresses, whether it is winter moth or the next invasive we will have to deal with. This budget will maintain our research and development.

It is also essential with the Opportunity, Growth, and Security Initiative that is outside of our discretionary budget, but it does provide, another \$18 million for research that is so essential for us to be able to expand our research and not only to deal with invasives but also to make sure that we are continuing to under-

stand the effects of the changing climate on our forests. I cannot stress how important it is. Our forests, right now sequester 14 percent of the CO₂ that is emitted every year. The majority of that is off of our private land forests. If we ever lost that forested landscape, imagine another 14 percent of CO₂ in the air in any given day, so that is just one of the benefits of our forests, and Maine does more than its fair share. Thank you for the work there.

Ms. PINGREE. Thank you very much for your answer, and I will continue to stay in touch on that particular issue. Thank you. And we will keep our forests working for the rest of New England and the East Coast.

RIM FIRE

Mr. CALVERT. Thank you.

Chief, August last year, as you know, we had a catastrophic fire in California, the Rim Fire, which burned 256,000 acres including 154,000 acres in the Stanislaus National Forest. I understand that the burned area emergency response work to address imminent hazards had been completed, and efforts to accomplish NEPA for the salvage of hazard trees and burned timber and restoration activities had begun.

I also understand that the Stanislaus National Forest has formed two interdisciplinary teams. One team will produce an environmental assessment for proposed hazard tree removal along 194 miles of high-use forest road, administrative and recreational facilities, and areas adjacent to private infrastructure. The second team will produce an environmental impact statement regarding salvage and restoration. The objective of that project is to implement actions designed to reduce potential for future catastrophic fire by reducing the fuel loading created by the Rim Fire including capturing the perishable economic commodity value of the fire-killed trees through timber salvage in support of that objective.

My question is, where is the Forest Service in the process of producing the necessary environmental assessment and the environmental impact statement?

Mr. TIDWELL. Mr. Chairman, for the first phase on the roadside, we will have our decision out in May, and I expect that the forest will be starting to implement that contract right after that. For the Environmental Impact Statement (EIS) for the larger restoration work, that EIS will be completed in August, and once again, I expect we will be able to move forward to issue a contract for removal of that biomass and doing that work within a few weeks after that.

The forest has done a great job working with the collaborative that has been in place there. We have good support from the Council on Environmental Quality (CEQ) to be able to shorten the time frames that require the public comment that have saved months in our process, and then we are in position ready to use my authority so that as soon as a decision is made, the contracts can be let and we will deal with the objections while we are doing the work. So we are doing everything we can to expedite this work.

Mr. CALVERT. Approximately when do you think that salvage operation will begin?

Mr. TIDWELL. I expect the roadside salvage will start probably in late May or early June. The rest of the work—the decision will be

out in August. They should be able to get the contracts going by mid to late September.

AIRTANKERS

Mr. CALVERT. Good. Another subject quickly. We talked about this new technology, PCADs, and you discussed the limitations you have with aircraft and trying to get aircraft online, certainly the C-130s, in the timeline that we have to put them onboard. But this PCAD technology of being able to air-drop suppression on these fires directly and supposedly, once we test this and make sure it works, allowing for immediate and accurate response and being able to use an assortment of aircraft in the inventory of the United States government, potentially being able to borrow, say, a C-17 or a C-130 without having to accommodate for typical changes on the aircraft that would have to be necessary in order to use it for fire-fighting. So if in fact that works, I think it would help us have a lot more potential for additional aircraft and flexibility. So there could be some advantages. On paper, it is sounding like a cost-efficient alternative to retrofitting in fighting wildfires. So I would hope that the Forest Service will continue to research this PCAD system, and I would ask, do you think it is a viable option for use in fighting fires?

Mr. TIDWELL. We looked at that technology back in 2011 and had concerns about the accuracy of the retardant delivery and then also the concern about potential safety from the containers when they hit the ground. That has been a couple of years ago. So now if the technology has advanced or addressed some of the problems that we identified back in 2011, we would be more than glad to be able to take another look at it. We are always interested in using the latest technologies to improve our effectiveness.

Mr. CALVERT. Thank you.

Ms. McCollum—oh, excuse me, Mr. Moran.

Mr. MORAN. Either way. Do you want to go?

Ms. MCCOLLUM. No, that is fine.

URBAN AND COMMUNITY FORESTRY

Mr. MORAN. Chief, the Urban and Community Forest program has—I know you are aware, 83 percent of all Americans live in metropolitan areas, so their access to national forests is pretty limited, and yet this Urban and Community Forest program has been able to provide access to towns and cities across the country to advance forest management, even though they are much smaller forests we are talking about in many communities, and I do think it provides more political support for the Forest Service around the country than would otherwise be the case, whether it be restricted to western and rural areas where national forests predominate.

So that is why we question the cut for \$4.3 million. A 16 percent cut is fairly significant one. Can you tell us what activities are going to be cut as a result of that reduction in the budget?

Mr. TIDWELL. There is no reduction in our Urban Community Forestry program. We have moved money that we have in the past into the Landscape Scale Restoration or Redesign part of our state and private programs. The concept there is to take several of the state and private programs and put them together so that the state

foresters can do the same thing that we want to do, which is look at larger areas together. So the Urban and Community Forestry funding, the reduction that you indicated, has been moved to that program. We increased Landscape Scale Restoration by \$9 million.

The communities will still need to compete for it but I am confident that especially in our urban settings, because of some additional advantages they have, they probably have the competitive edge versus some of the states that have less population. But that is our approach so that state foresters can look at these larger landscapes together and have several different funds come together versus having to pick this program or this program.

COLLABORATIVE FOREST LANDSCAPE RESTORATION

Mr. MORAN. Thanks for explaining that for the record. This Collaborative Forest Landscape Restoration program is something we are very pleased to see the authorization doubled, and I can understand the \$60 million request but just know that we are very supportive of the program, however much you want to request and use of it because it has been very successful in terms of leveraging resources.

INTEGRATED RESOURCE RESTORATION

The Integrated Resource Restoration program, this past year you are continuing a pilot program in three regions. Can you share with us a little information on how well the pilot programs are doing and compare it to the change in the way they were operating prior to the IRR approach?

Mr. TIDWELL. Yes. In fact, we will be sharing with the Committee shortly the independent review that we commissioned last year to take a look at what is going on, how well this is working, and what the review has found is that it has helped to take the separate different programs, whether it is wildlife, watersheds, fisheries, forest management, or road decommissioning effort and bring those programs together to increase more effective application. It has also reduced the administrative burden of having to deal with multiple budget line items, and we are increasing the integration, which helps us to do a better job.

So the initial results are very positive, that this is a better way. Also, this is something that we did a couple decades ago when we had the authority to have majority of our budget in one budget line item. It was my personal experience at that time—I was a district ranger—that it was a lot easier to be able to look at the landscape, determine what work needs to be done and be able to do all of it together at the same time versus lining up. We had this amount of forest management, we had this amount of watershed, this amount of fisheries and had to design different levels of projects. So the initial results are very positive, and we appreciate the support to be able to have this pilot and to continue this pilot. I think this independent review—there is another phase that they need to complete—and once that is done, I think it will be time for us to really sit down and have the discussion about expanding this across the board.

TRAVEL MANAGEMENT

Mr. MORAN. Very good. Just one other question, if it is okay, Mr. Chairman?

The budget justification on the success of the Legacy Roads and Trails program where you decommission old timber roads that are damaging forest resources you tied to the implementation of these forest travel management plans. You got more than 300,000 miles of open roads in the national forest. It is six times as large as the interstate highway system. Give us an update on your success in implemented these travel management plans? And that is the last question I have.

Mr. TIDWELL. We completed 80 percent of the forest and grasslands that completed the travel management plan, which identifies the system of roads and motorized trails that we need to maintain to provide access to do our management work but then also for the public. So we still have another 20 percent.

Travel management is not about closing roads. It is about identifying the transportation system that we need to be able to manage forests and provide access. The forest Legacy Roads and Trails that you are referring to, it provides the funding to be able then to decommission the roads that are no longer needed and to reduce the sedimentation that is occurring off of these roads. As you pointed out, we have a larger road system that we need, but at the same time, we need to be able to make sure we have the right system in place, but for those roads that are no longer needed or causing a lot of degradation, they need to be dealt with. And so between the two, it helps us to be able to work with the public to identify the system we need and then to be able to move forward and decommission roads that are no longer necessary.

Mr. MORAN. Good. Well, that is what we want you to do: identify the best roads and then close off those that are not being used to preserve the forest. Thank you very much.

Thank you, Mr. Chairman.

Mr. CALVERT. Thank you.

Mr. Stewart.

BARK BEETLE

Mr. STEWART. Thank you, Mr. Chairman.

Chief, thank you for being here with us. Mr. Dixon, your job has been easy so far today. We appreciate your being with us as well. A couple comments if I could and then questions.

Chief, just as an aside, I used to be CEO of a company calling the Shipley Group. We trained probably half of your employees on environmental policy and NEPA policy. I am quite familiar with the good work that the Forest Service does. Like any agency, it is not perfect. There are some things that we are concerned about and would like to see improvement. If I could offer you a sincere compliment and the good experience that we have. I noticed in your bio, you were the regional forester in the northern region and you talked about collaborative agreements, especially some community-based collaborative agreements. We have some issues with endangered species in the southern part of my district. I represent Utah, and we wrap around west and go all the way down south, par-

ticular with the prairie dog, and the commissioners down there and other local leaders and some citizens tell me they have very good response working with the Forest Service, that they have had an actual collaboration. They are grateful for that, as am I. I wish I could say the same thing of some of the other agencies, BLM in particular, which has not been helpful, and in fact, actually quite unhelpful in our efforts there, but they do not feel that way about the Forest Service and so we are grateful for that.

Harking back again in my own experience, I was an Air Force pilot for a lot of years, and I flew helicopters for a while, and I remember, I was stationed in Spokane and flying all over the Northwest. We would do rescues, and you spend a lot of time in the forest pulling people who had been injured or whatever, and at the time I would notice a difference in the forest, and some appeared just different. I did not know what it was, and I know now that some of them were very healthy and some of them were not, and that has been exaggerated in the years since, and what I realize now is that many of the healthy forests were state-managed and some of the unhealthy forests were federally-managed. Again, going to my own district now, you go to southern Utah and you look at some of those forests and you just want to cry when you see what the bark beetle has done to them, and it is frustrating, and frankly, to make the point that has been made already, if we are worried about fire management, then we have to consider the bark beetle and what that has done to some of these forests. I mean, they are a nuclear bomb waiting to go off, should lightning strike or another source of fire. Help me understand what we can do about that, what your intentions are on that.

Mr. TIDWELL. Well, Congressman, first of all, thank you for recognizing the good work that our folks are doing, and I also thank you for all the training that you provided. I have personally attended some of those courses myself. So thank you for that.

To answer your question, it is what we have been focused on here for about the last four years, to increase the restoration of these forests. We recognize that there is 65 to 80 million acres of our national forests that need some form of restoration to restore their forest health, restore the resiliency so they can withstand fires, insect, disease, drought, et cetera. So that is what we have been working on the last few years. We have made continued steady progress to increase the number of acres that are treated each year, to increase the outputs that are coming off of those lands.

Your recognition of collaboration has been the key. We used to spend a lot of time in this country having a lot of controversial debate, criticism about how forests should be managed. Today in more and more places in this country, there is agreement about what needs to be done, and it is through these collaborative efforts that we have been able to expand our work at the same time, where budgets have been flat and what has happening to our staffing. Today, compared to 12 years ago, we have 49 percent fewer foresters in the Forest Service. All of our national forest system staff is down 35 percent, and our folks are doing the same level of production as we were 10 years ago, and they do it through collaboration, improved effectiveness using better job with National Envi-

ronmental Policy Act (NEPA) to reduce that, but I can tell you that I think we have hit the max, and that is one of the reasons it is so important about this budget request. It does ask for some additional funding in these key program areas so that we can continue to accelerate restoring these forests and that is what we need to do. So thank you.

TIMBER SALVAGE

Mr. STEWART. We agree that the bark beetle is a concern in the West particularly, I am sure.

A concern that is kind of tangential to that is that there is salvable timber in many of these cases, and because of interest groups who—and I have seen this again and again, that they come in, they file suit. They know that they can delay that activity for a number of years until that timber no longer has any value. Do you share that concern and do you think we can make some progress on that?

Mr. TIDWELL. We are making progress. I go back to my time when I was a regional forester in the northern region following the fires in 2007, we were able to implement every one of our salvage projects. We were sued on one, but by the time it was addressed in court, we had completed the work.

The Chairman was talking about the large Rim Fire in California, and the idea that we are going to be able to move forward to decision to salvage that material less than a year after the smoke left, it shows the difference in collaboration.

LAND MANAGEMENT PLANS

Mr. STEWART. I agree. That is great progress.

Mr. Chairman, if I could, just one more minute, and that is a concern I have with forest management plans. Many of them are outdated. Again, you see the same effort where groups will come in in, I believe, a disruptive effort. They will sue. Many of these NGOs, in my opinion, are using these as a vehicle for raising money and raising their profile. Are we going to see some progress, do you think, on implementing updated forest management plans?

Mr. TIDWELL. Yes. We are moving forward already with our new planning rule that will accelerate the process and do a better job to require collaboration up front. We also have a Federal Advisory Committee Act (FACA) committee that is helping us to develop the directives, and I can tell you that group has done an outstanding job, very diverse interests. All interests are represented on that FACA committee but they have been able to find ways to really bridge the gap between the differences to come up with the recommendations that are going to help us to have a better set of directives. The directives are basically the how-to. The rule is the rule, and those directives are essential, but we are already seeing that progress is being made and in 2014 we will have 27 forests that are under forest plan revision.

Mr. STEWART. Okay. Good. Thank you, Chief.

Mr. Chairman, I yield.

Mr. CALVERT. Thank you.

Ms. McCollum.

INTERNATIONAL FORESTRY

Ms. McCOLLUM. Thank you.

There is lots to talk about, but I am going to go back to one of the topics that Mr. Moran was talking about in a second, but first I want to talk about international forestry. It is no surprise how I feel about the program, and I want to thank the Chairman for hearing me out on this.

The international forestry protects American interests abroad, and in fact, without it, I never would have voted for the Peru trade agreement, and that was one of the reasons I voted for it was to show on good faith that when you really sit down and try to address environmental concerns and work it out in a country partnership, we can have free and fair trade. So that was critical, and as we have more and more trade agreements, especially in Latin America, forestry projects are going to be part of it.

The other thing that we do is, we export working with our embassies the best soft power in the world. It is a win-win for the world. It is a win-win in addressing climate change. It is a win-win addressing deforestation. It is a win-win in addressing water shortages which, which came first, the chicken or the egg, on deforestation and what happens with water quite often.

For every dollar we invest, we leverage \$3 from other federal agencies and for nonprofit organizations, and I have to tell you, our capital is being the United States government. We are here to work with you in partnership with the international forestry. You cannot do much better than what perhaps the parks or USGS does when they work internationally.

So Mr. Chairman, thank you for restoring the funds but here we go again. So I am hearing that OMB has a problem with this, I am prepared to talk to President Obama one on one but I just want to let you know that I am going to work really hard to maintain this program, and it is not about personalities in here. I know you are making tough decisions and tough choices working with the Administration, but if we let this program go, we are not going to be able to pick up other future in trade like mine possibly on a lot of these things, and we are going to let something go that we are never going to be able to reconstitute again but it is huge soft power and also speaks to our working in partnership with climate change and forest restoration. So a lot of the other things that we are doing internationally, whether it is feed the future or whatever, indirectly you play a role in it, so that is more of an editorial comment, because your number is your number, and I am not going to put you on the spot.

INVASIVE SPECIES

But I want to go back to this urban forestry and tie it in with the invasive species. We have bark beetles and eventually everything likes to come to Minnesota and eat our trees, and when they do, they create unhealthy trees. They create fuel in future. So one of the things that I would like to understand better, there are things in the Ag budget that affect some of the research and some of the work that you do, and I am wondering if when budget time comes for where those places intersect if you are having a con-

versation with Ag on it because if you have done a cut and Ag has done a cut, then it is a bigger cut than maybe people of the committee realize.

URBAN AND COMMUNITY FORESTRY

The other thing I wanted to talk about is, what is going on with our urban forests right now. I understand you have this pilot. I would like to see a breakdown on this pilot. Did you work with the League of Cities or the National Council of State Legislators or the Governors Association or other organizations when you came up with this pilot.

Mr. TIDWELL. I have been working with the State Foresters.

Ms. MCCOLLUM. You have been working with the State Foresters? Okay. In all 50 states?

Mr. TIDWELL. Yes.

Ms. MCCOLLUM. Okay.

Mr. TIDWELL. First of all, I appreciate your concern in understanding the importance of our urban forests, and as you mentioned, so many of our pests, the invasives, they often come in through the ports. They get into urban forests and then they spread through the forests of the country, and so that is why it is so important for us to care for our urban forests, not only to reduce infestations but at the same time we have over 100 million acres of urban forests in the country. They are doing a good job to help clean the air, improve the quality of life, increase the property values, et cetera. So there is a long list of benefits from those forests.

We do work very closely with our other agencies in the Department of Agriculture, and especially with the Animal and Plant Health Inspection Service (APHIS), who has the lead on many of these species, these invasives, as far as basically eradicating that. We provide the research for how to do things and the technology, so we work very closely with them.

In the budget request, there are some areas that we have had to reduce our program request just with the recognition of deficit reduction that needs to be dealt with, and so there are various programs that we have had to reduce but at the same time we are trying to coordinate everything as well as we can to make sure that the Federal government, and the Federal agencies are working very closely together.

Your concern about the League of Cities is probably something we need to do a better job to be able to reach out to them to make sure that as we are looking at a pilot, that they understand the benefits of that, and once again, it is a pilot. It is something that based on our past experience, we think it will work. We will provide you the crosswalk that you have asked for, and I will be glad to do additional briefings about just how this would play out and how the urban part of this landscape restoration and redesign would work.

Ms. MCCOLLUM. So I would like to see a breakdown about how much, Minneapolis-St. Paul, Milwaukee, Salt Lake City, other urban areas, what they are really going to be looking at doing because as you said, this stuff transfers through. I was just talking to Ms. Pingree, and I said now I need to learn about the winter moth soon to visit Minnesota. Why? Because of the railcars that

are going along the northern border, and that is how the Asian ash borer really kind of took off. We found out when we did some research on that, there were hotspots with that. So I really want to see a breakdown about how this is working.

And then the other thing about pilots, and I am all for pilots, but this is really a lot of money for a pilot project, so I would be curious how the pilots were selected too.

I would like to close with a comment. One is, when I was on the agriculture environmental committee when I was in Minnesota, we worked to establish a forestry council. I will tell you, they are wonderful and it really opened up the eyes. People really listened to each other. It really changed the tone and the way timber sales and everything were conducted in Minnesota. So they can work miracles, and if we need to put more funding into doing that in some of the western states or something, to launch that, I would be in favor of that. What did you say, 49 percent reduction in foresters?

Mr. TIDWELL. Yes.

Ms. MCCOLLUM. Well, I have two foresters in my family. They are both girls, my nieces, and they just changed the way the University of Minnesota calls its forestry department because people were not getting hired. There were not jobs there for them. So I think we not only have a potential of seeing what our forestry service is experiencing, our State forestry services are experiencing with cuts but eventually there is going to be a huge labor shortage because as people are retiring out, we are not putting the graduates into the field, and so that is something that we need to think about too if we are really going to manage our lands.

Thank you, Mr. Chairman.

Mr. CALVERT. Thank you.

Ms. Herrera Beutler.

TIMBER HARVEST

Ms. HERRERA BEUTLER. Thank you, Mr. Chairman.

Thank you, Chief Tidwell. I do not think I have seen you since you came out and visited some of our forests. I really appreciated that, and I appreciate the time you took to come see some of the challenges.

Every time I sit through a Forest Service hearing, I get excited and frustrated because I feel like we have got a partial solution. Ms. McCollum was talking about the 49 percent reduction in foresters. Part of the challenge is, we are not harvesting anything. That is part of what they did to your budget, right? We have talked about this. You know, I hear all this talk about bark beetle infestation, disease and invasive species or catastrophic wildfires, and yes, I think we can definitely acknowledge there are more people moving into certain areas, that climate is changing, it is evolving, but we are also not actively managing our forests the way we used to, and to not acknowledge that is a huge part of the problem.

You have made some progress on this. Mr. Stewart was talking about the lawsuits, and I recognize they are a huge piece of it. In the Northwest, we operate under the Northwest Forest Plan, which means we are allowed to harvest about 62 million board feet per year out of the Gifford Pinchot. I do not have this year's numbers.

I think we got about 16 million out of it, and we got sued for that. So the fact that we are not going in and doing what we are supposed to do under the current law means there is more fuel, and there is more foliage. You were talking about CO₂ emissions. When a tree falls and then rots, it begins to let off methane, which is 24 times more potent than CO₂. So for us to go in and harvest like what you are trying to do with the Rim Fire and put things on a fast track, not break any rules, you can follow all of the rules and the laws and NEPA and SEPA and so on and so forth. The problem that we have is when you finally get through all that, you have checked all the boxes, you have dotted all the i's, and then someone says we are going to sue, and then we settle. I think that is probably discouraging to the morale of your foresters, probably to the folks who work on these collaboratives, who have put all this effort and good faith in, and we need a change. I recognize not all these policy decisions are driven by you. The fact that OMB told Committee staff last year that they do not believe the fuel buildup is contributing to fires, and it goes on to name global warming and expansion of timber communities as the main causes of fires burning faster and hotter accurately displays some of the challenges you are up against.

Having said all that, this is one of my number one most important issues. I have so many blue-collar communities who are just dying. The forests are dying. You can walk, like you did, from a State forestland to a Federal forestland and it is just night and day. So we are hurting the species, we are hurting the forests and we are hurting the families that depend on the forest. We need your help. So as you can imagine, timber targets on Gifford Pinchot, I was not super happy about the 2014 targets that came out. They were put out before the omnibus. Should we expect a change based on the omnibus? Are you going to set that a little higher?

Mr. TIDWELL. Well, Congresswoman, first of all, thank you for taking the time to be with me and our staff and folks out in the field. I think those are such productive times to be able to have that type of discussion. You know, the Gifford Pinchot is one of our better performing forests as far as being able to get work done. Last year, with as tough a year as we have had with sequester, they exceeded their target. For fiscal year 2014, we estimate our targets based on the amount of funding that we receive, and we have kind of a set amount, costs X amount to produce 1,000 board feet off of every forest. We know those are the costs. So we just do a quick analysis based on X amount per 1,000 board feet, how much budget do we receive. Then the forest will look at their program of work, and it all depends on how things line up as to when decisions can come out, but it is a very high-performing forest.

Ms. HERRERA BEUTLER. When you say high performing, you mean in terms of timber sales?

Mr. TIDWELL. Yes.

Ms. HERRERA BEUTLER. Compared to? I heard the exact opposite, and we are not hitting anywhere near the 62 million under the Clinton Forest Plan. Literally, I think we are under 10 million.

Mr. TIDWELL. Five hundred million dollars less over 10 years, 49 percent staff in just foresters, 35 percent fewer Forest Service em-

ployees doing the same amount of work as we were doing 10, 12 years ago.

Ms. HERRERA BEUTLER. So you are hitting the same target?

Mr. TIDWELL. To me, that is extreme high performance. Our employees are overtaxed. You see it in the employee viewpoint survey. What I hear from our folks constantly is that you keep asking us to do more with less.

Ms. HERRERA BEUTLER. I appreciate that. I appreciate that. What I am talking about are timber harvests and the amounts.

Mr. TIDWELL. They have exceeded their targets. Their performance has continued to go up year after year.

Ms. HERRERA BEUTLER. We have been harvesting more timber year over year for the last 10 years?

Mr. TIDWELL. Well.

Ms. HERRERA BEUTLER. We have hit the 62 million board feet that we were supposed to hit?

Mr. TIDWELL. No, we are not funded for that.

Ms. HERRERA BEUTLER. Okay. That is what I am getting at. That brings in more funds, and that means that the work your folks are doing is not wasted work. I mean, they have to be frustrated when they work with the collaboratives, they do amazing work on the ground with my folks. I know it. But when they get sued, and then their work is for naught, I would assume that morale is pretty low.

Mr. TIDWELL. There is a high level of frustration with our employees because of the need to do more work. I have led out on that to identify how much work needs to be done. You see it in our forests. There is no question about that. But I will tell you, they are doing a tremendous job with the resources that they have. On that forest, there is less litigation there than in many other places because of the collaborative work that they are doing there and to be able to implement projects. So when I talk about a high-performing unit, it is about what they are actually getting done with the resources that they have.

When we were out there on the ground that time, Ted Stubblefield, the previous forest supervisor, was there, and in the time he was there they were able to do a lot more work. But the thing that Ted shared with all of us, he said there is no way I can manage this forest with the budget that I have. These have been the consequences. I understand the reductions that we have had to make. I understand the deficit reductions. So we are doing everything we can to do that. But I think we have to come to the point to realize there is only so much that can get done with the staffing that we have.

Ms. HERRERA BEUTLER. Absolutely, which is I why I encourage you to utilize one way to bring money into the budget, which is to selectively harvest some of the timber, which will reduce the forest fire budget, reduce the invasive species because you are going to—you are heading off the problems at the pass. In Region 6, one of the challenges we are seeing is some forests are getting more than others because you make those decisions here. One of the things we talked about, and Ted supported, is doing some sort of a demonstration project that allowed you to harvest in an area and return some of the funds to that area for restoration work.

I recognize you have less funds. I mean, if you look at the Forest Service budget over the last 25 years, it has been straight down, but that straight down correlates with the amount of actual harvest you do in the forest, which is the purpose or was the purpose of the Forest Service.

Ms. MCCOLLUM. Mr. Chairman.

Ms. HERRERA BEUTLER. I am not saying that your people do not do good work. I am saying we need to work together to make sure that some of these missions are fulfilled, and under current law, under the Clinton Forest Plan, hitting some of those timber targets.

Ms. MCCOLLUM. Mr. Chairman, on this point, if the gentleman would yield, I am trying to understand—

Mr. CALVERT. If the gentlelady would yield?

Ms. HERRERA BEUTLER. Yes.

TIMBER SALES

Ms. MCCOLLUM. I am trying to understand some of the budget correlations, so Mr. Tidwell, when you sell out, you are not making—a large enough profit where you can reinvest and rehire more staff on timber sales, are you, because of the way it is charged out and what happens in the budget? Are you even breaking even on the timber sales?

Mr. TIDWELL. It would depend on a sale but we have never, ever been in the business to make money. We are there to manage the national forests for how the public wants those managed under multiple use, and so when we do a timber sale and there are revenues that are generated through stewardship contracting, we are able to use those receipts to be able to get more work done, create more jobs. Twenty-five percent of the receipts go to the Treasury for Secure Rural Schools. There is a certain portion that if it is under a timber sale contract, the money will go into the Knutson-Vandenberg plan or the Bush Disposal plan to be able to do some restoration work through that.

But at especially today's prices, we are still in a very depressed market, and I think nationally, our base rates are \$57 a thousand. That is like it was back in the 1970s. So these sales, and on your forest, it is bringing a little more than that. It is probably closer to maybe 80 because of the quality of the material, and the road system that is in place, it is more efficient. This needs to be about the work that needs to be done on the forests. I think that the majority of the controversy that we have dealt with when it comes to forest management has been driven by, when someone thinks that we are managing the national forests for individual profit versus what is the best thing for society versus what is the best thing for the land, that is when we run into trouble.

Ms. HERRERA BEUTLER. I understand that. I am not saying commercially harvest our forest. I am not saying undo the Clinton Forest Plan. I am not saying break current law. I am not going there at all. What you just said is true. If we are able to harvest some more of that timber, which is healthy for the species, it is healthy for the trees, it is healthy for us, we want to recreate there because we are not afraid of the—I mean, it is a win-win-win, and my dying communities who can help manage these things, the schools that

are reliant on them, I mean, it boggles my mind that we have a challenge with this piece. We are not talking about commercially harvesting the forest. Nobody is advocating that. I am talking about protecting our federal forests. I do not want a burn to come through and wipe out what is part of our heritage in the Northwest.

So regenerating some of that revenue is not for commercial profit. It is so that you can hire more foresters who can do more work on the forest. I am not saying we are going to use that money to go, I do not know, build a monument to ourselves. I want it to go back into the forest. I want us to take care of the forest.

So with that, I think my point is made. Thank you, Mr. Chairman.

Mr. CALVERT. Thank you.

Mr. Moran.

FOREST SERVICE MISSION

Mr. MORAN. Thank you, Mr. Chairman. I do not have any further questions, but I wanted to point out that—well, actually, I do have one other question. While harvesting is obviously an integral part of forest management, just for the record, the Forest Service was actually initially established to protect clean sources of water. That was the original mission because the haphazard timber process was blocking streams and so on and the people downriver were not getting clean water. Is that not accurate in terms of the original mission of the Forest Service, to protect the sources of clean water in downriver communities?

Mr. TIDWELL. Originally back in 1905, it was to provide clean, abundant flows of water and a sustainable flow of timber off the land.

URBAN AND COMMUNITY FORESTRY

Mr. MORAN. Thank you. And just one other thing I wanted to underscore, Mr. Chairman. You know, granted, we have very different constituencies, and I have no forests in my district, but we have people who are desperate to be able to get out into open space, so that is why we continue to underscore this urban and community forestry. You say that the reason for the cut is that you have more money in landscape-scale restoration but there is no word in that LSR budget about using any of those funds in urban and metropolitan areas. So again, there is reason for us to be concerned. We take it on your assurance that that is the intent but I have a suspicion that it is going to be real tough to get that money put into metropolitan areas.

And with that, Mr. Chairman, I want to thank Mr. Tidwell for his extraordinary leadership. He comes from the ranks of the Forest Service, and he has done a great job, and Mr. Dixon, who did not have an opportunity to show all the stuff he knows today also serves all of us very well. Thank you, Mr. Chairman.

Mr. CALVERT. Thank you. If there are no other questions, I will be closing up.

Ms. McCollum, do you have any other comments or questions?

LANDSCAPE SCALE RESTORATION

Ms. McCOLLUM. Just that I look forward to seeing a breakdown in the pilots on this new landscape program as well as we are going to look at the Ag budget for research on insects and then compare it. I think we need to do a melding of that and seeing if we need to watch what is going on in the Ag budget in order to make the money that they have work effectively.

Thank you, Mr. Chair.

Mr. CALVERT. Duly noted.

SUPPRESSION CAP ADJUSTMENT

Well, Chief, I want to thank you for coming. Obviously some passions in the West are hot as fire, and certainly in California, certainly in the States of Washington, Oregon, Idaho, many of the states, Utah, where these forests are located. There has been a lot of change in the last 20, 25 years when I first came here, but I know you are doing the best with the resources you have, and I look forward as we move through this process, I am hopeful that Mr. Simpson's legislation is going to pass because under the budget rules, you are probably aware, that we are subject to a point of order. I would encourage you to talk to Mr. Ryan and to Ms. Murray, the respective chairs of the Budget Committees in the House and the Senate, about the need to get a change in how we budget for wildfire.

I have some other questions regarding overhead costs and program costs and things like that that I will submit for the record and allow you to get back to work.

With that, this hearing is adjourned.

U.S. House of Representatives
Committee on Appropriations
Subcommittee on Interior, Environment, and Related Agencies
Budget Hearing: U.S. Forest Service
April 2, 2014
B-308 Rayburn HOB

Questions for the Record – Chief Tidwell

Questions from Mr. Calvert

Wildland Fire Management/Budget Cap Adjustment Proposal

Historically, this subcommittee has funded wildland fire suppression accounts at the 10-year average level. Based on the severity of recent fire seasons, this methodology has proven insufficient to fully address annual fire needs. This has led to the need to transfer funding from non-fire accounts to cover shortfalls in suppression funding. The total shortfall in fiscal year 2013 was about \$28 million for the Department of the Interior and \$600 million for the Forest Service – and there is likely to be a similar shortfall for fiscal year 2014. Clearly, there is a need to develop a better model for providing wildland fire funding.

The FY 2015 budget proposes to establish a new budget framework for the Wildland Fire Management program. Within the proposed budget, \$708 million in discretionary funds (70 percent of the 10-year average for suppression costs) is requested for suppression. An additional \$954 million is requested through a budget cap adjustment.

Calvert Q1: Can you explain in some detail how the budget cap adjustment funding level of \$954 million was determined?

Answer: Forest Service researchers issued a paper in 2009 that provided forecast models for various timeframes, including 2 years out (Abt, K.L., J.P. Prestemon, and K. Gebert “Wildfire suppression cost forecasts for the US Forest Service” Journal of Forestry 107(4): 173-178). The Budget uses this method to determine the upper limit of funding. Below is a short description of the model.

The 2-year out forecast is a time series regression model using historical expenditure data from 1977-2012. The variables in the model are time and expenditure lagged by three years (a statistical method to factor in the relationship between expenditures in a given year and three years prior). The costs and the time trend variable are assumed to also proxy for patterns in climate, fuels and management, for the years (the ones that are being forecasted) in which there are no forecasted values.

Therefore, the FY 2015 Budget requests 70 percent of the 10-year average for Suppression. The 10-year average is \$1.011 billion. The FY 2015 budget proposes 70 percent of that for

Suppression, \$708 million. The proposed cap adjustment of \$954 million is the result of subtracting 70 percent of the 10-year average, \$708 million, from the forecasted amount of \$1.662 billion.

Calvert Q2: Do you believe this calculation for determining fire suppression costs is more accurate than continuing to use the 10-year average?

Answer: The Administration routinely supports the use of 10-year averages to determine funding, and other items, for programs with variable activity. Using the 10-year average is a viable method for determining need and that is the case with wildfire suppression. In addition, to fund a variable item, like fire, within a budget, the 10-year average is a reasonable method for developing funding needs. Using a method to determine the total funding needs likely in a worst case scenario is not a reasonable method for budgeting.

However, the cap adjustment foresees budgeting for the likely worst case scenario. Utilizing a methodology that provides a scientifically based 90 percent upper confidence level is a viable option for determining the likely highest level of spending.

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Calvert Q3: Is this calculation likely to change throughout the year, possibly before the Interior bill is enacted into law? If there is a change in the overall projected suppression costs necessary for FY 2015, will the Administration submit a budget amendment?

Answer: USDA will update its estimates of the amount needed in a cap adjustment periodically throughout the year so Congress can use the most up-to-date estimate in making appropriations decisions. Also note that the upper limit of the proposed cap adjustment would be set to allow for updated estimates.

Calvert Q4: What would be the impact to the Forest Service budget for FY 2015 if we were only able to fund the 10-year average?

Answer: The Forest Service will continue to manage wildfire operations using an appropriate, risk-informed, and effective response that is consistent with land and resource management objectives. However, if suppression costs exceed the 10-year average, the agency will be forced to utilize the flexibility provided to transfer funds from other agency accounts to ensure that we can protect communities and fire fighters, at the expense of other critical programs.

When funding is transferred from other programs to support fire operations, these programs are impacted because less funding is available which affects the overall mission of the agency. Often this work mitigates wildland fire hazard in future years. The ability of programs to achieve established targets is also impacted and projects are often put on hold or canceled. Programs from which funding has been transferred help prevent damaging fires in the future, like Hazardous Fuels Reduction, Integrated Resource Restoration, and Collaborative Forest Landscape Restoration.

Calvert Q5: What impact has the growth in suppression costs had on the Forest Service budget?

Answer: The cost of suppression has grown from 13 percent of the agency's budget just 10 years ago to over 40 percent in 2014. For the past two years, fire transfers equaled \$440 million in FY 2012 and \$505 million in FY 2013 (about 10 percent of the agency annual discretionary budget), which disrupts the momentum of critical restoration work. The impact of the transfer is felt across critical programs nationwide and exacerbates the frequency and intensity of fires in future years. The suppression cap adjustment would provide a stable source of fire funding and enable greater investment in restoration and fire risk reduction.

In addition to the impact of transfers, as suppression funding needs increases, with a relatively static total discretionary funding level, funding for other programs is reduced. This trend will continue to reduce funding available for work related to basic resource stewardship.

Fire seasons are now 70-80 days longer, and the Wildland Urban Interface (WUI) continues to grow, resulting in more complex and expansive fires that require the protection of communities and homes. There are currently 44 million homes located in the WUI and fire prone areas, almost 70,000 communities are now at risk, and less than 10 percent have a Community Wildfire Protection Plan. Currently, the majority of private wildlands are undeveloped; only about 16 percent of the WUI in the West is now developed and the remaining 84 percent is available for development, which will only increase fire costs in the future.

This has significantly reduced the agency's capacity to manage the national forests and grasslands and provide service to the public. From 1998 to 2013 National Forest System staffing has decreased by 35 percent, forest management staff has decreased by 49 percent, while fire staffing has increased by 110 percent.

Calvert Q6: At what point does the Forest Service become the "Fire Service"?

Answer: The mission to achieve quality land management under the sustainable multiple-use

concept to meet the diverse needs of people includes protecting life, property, and natural resources while assuring an appropriate, risk informed, and effective response to wildfires that is consistent with land and resource management objectives. The Forest Service is committed to fulfilling its overall mission, as well as the national vision of the Cohesive Strategy that is shared by Federal and non-Federal partners to “Safely and effectively extinguish fire, when needed; use fire where allowable; manage our natural resources; and as a Nation live with wildland fire.” However, with 40 percent of the budget in 2014 dedicated to firefighting activities – and fire seasons expected to lengthen and become more severe in the future, the current funding model for suppression is unsustainable.

Calvert Q7: How can we reverse this trend to enable the Forest Service to focus on its entire mission?

Answer: The FY 2015 President’s Budget proposes a new and fiscally responsible funding strategy for wildland fire. However, in order to address the fire problem, we need a comprehensive approach that will restore fire-adapted ecosystems, build fire-adapted human communities, and respond appropriately to wildfire. Fire transfers deplete the agency’s budget in other critical programs and disrupt the momentum of critical restoration work. The suppression cap adjustment creates greater investment in restoration and fire risk reduction programs, with increased funding for Hazardous Fuels, Integrated Resource Restoration (IRR), Collaborative Forest Landscape Restoration Program (CFLRP), Suppression, Preparedness, and Landscape Scale Restoration.

Calvert Q8: Has the Forest Service developed similar criteria for accessing the \$954 million and how were those criteria developed? Who will make the decision about accessing this funding?

Answer: Yes. Authorizing language will include specific triggers for accessing funding and Secretarial designations/ notifications that would be necessary prior to accessing the cap adjustment funds. To maintain transparency, the agencies would also be required to report on their use of cap adjustment funds after the end of the fire season. A declaration by the Secretary of Agriculture may be issued only if:

- a fire has required an emergency Federal response based on significant complexity, severity, or threat posed by the fire to human life, property, or resource, or
- the fire covers 1,000 acres or more, or
- the fire is within 10 miles of a major urban area (defined as 50,000 inhabitants or more), or
- the cumulative costs of wildfire suppression operations will exceed all of the amounts previously appropriated within 30 days.

The Forest Service is committed to transparency and accountability related to the access and use of these funds. Regardless of whether funding is coming from discretionary appropriations or from the budget cap adjustment, the Forest Service will continue to proactively manage fire

costs, including managing fires for resource benefits where appropriate, and ensuring that good cost outcomes are a result of effective risk-based decision-making in managing specific fires.

Calvert Q9: Since timely decisions must often be made relating to fire suppression activities, how quickly would funding be able to be accessed and distributed under the cap adjustment?

Answer: Funding would become immediately accessible following a declaration and notification by the Secretary when agencies meet identified trigger criteria to begin accessing funds under the cap adjustment. Regardless of the trigger, there would be fires that will initially be funded using discretionary funds. It is imperative that a seamless approach for accessing the funds is developed to simplify the agency's tracking of individual fire costs and financial accounting and minimize the difficulties in using different types of funds (discretionary versus fire cap funds).

Forest and Rangeland Research

The Forest Service considers itself to be a land management agency that is "science-based", utilizing its research and development unit to impact decision making that is fundamental to the success of the agency and so many others affected by natural resources conservation. Yet, we have seen a steady decline in the research budget over the past five years – a total decrease of approximately \$37 million. The FY 2015 budget request for research is \$275.3 million, a \$17.5 million, or 6.0 percent, reduction from the FY 2014 enacted level. This reduction seems disproportionately high compared to other Forest Service activities.

Calvert Q10: What would be the impacts of this proposed decrease on the overall mission of the Forest Service?

Answer. In the absence of the Opportunity, Growth, and Security Initiative funding, we would significantly reduce or eliminate funding to lower priority research areas to ensure high priority research would be maintained. The funding reduction would likely require organizational changes to reduce personnel and close some facilities. We would have to make difficult choices to ensure funding for the highest priority research.

Calvert Q11: How can the Forest Service continue to improve its management capabilities without the support of science-based research?

Answer: Science-based research is critical for the Forest Service to continue and improve on its management capabilities. Without the additional proposed funding from the Opportunity, Growth, and Security Initiative funding, we would have to make difficult choices to ensure funding for the highest priority research. The funding proposed in the Opportunity, Growth, and Security Initiative would enable us to maintain high priority research in areas of energy security and regional and national economic stability while simultaneously addressing conservation and restoration goals, including fire.

Calvert Q12: Are we being penny-wise and pound-foolish by reducing funding for research that could foster the creation of more cost-efficient methods of land conservation and fire-fighting?

Answer: The Forest Service recognizes the importance of research, and we will continue efforts to find more cost-efficient methods for land conservation and fire-fighting. Through the use of our Forest and Rangeland Research funding, supplemented by our National Fire Plan funding and funding through the Opportunity, Growth, and Security Initiative, we will continue to conduct research that will enable the fire-fighting program to become safer and more cost-effective.

The rate and size of catastrophic wildfires continues to increase. Most forest managers agree that a key problem with these “mega fires” is the overabundance of hazardous fuels. One way to address this issue is by creating high value, high volume markets from these lower value hazardous fuels as a way to remove this material from the forests. I understand that research at the Forest Products Laboratory in Madison, Wisconsin, has been developing potential production options for hazardous fuels that would create a market for this material. Having a marketable use for hazardous fuels would create jobs for stewardship contractors, potentially reopen mills across the country that would in turn create more jobs in local communities, and result in healthier forests with less fuel load, which would help reduce the spread and intensity of wildfires. This sounds like a win-win for everyone.

Calvert Q13: Will the proposed FY 2015 budget enable the Forest Products Laboratory to continue its current work in a manner that will effectively address this biomass use through higher value markets?

Answer. At the proposed FY 2015 budget level the Forest Products Laboratory will provide base funds to address forest restoration by creating higher value uses from low value wood (for example, hazardous fuels). The Forest Service will focus funding to priority areas including biomass use.

Calvert Q14: Wouldn't it be wise to fully fund this research that will likely produce a more cost-effective method of dealing with hazardous fuels than to simply continue increasing the funding spent annually on hazardous fuels reduction?

Answer. Finding high-value, high-volume economically-viable uses for forest biomass from hazardous fuels reduction and forest restoration activities has long been identified by Forest Service land managers as one of the most important barriers that must be overcome to reduce the rate and size of wildland fires. Forest Service research plays an important role in both product and market development for these economically viable biomass uses. By creating high-value, high-volume uses from low value wood, we develop cost-effective ways to enable enough hazardous fuels to be removed from America's forests so wildfires remain smaller and begin again to be a tool for improved forest health as opposed to large-scale destructive fires that place lives and property at unnecessary risk. The funding combination of the FY 2015 President's

Budget and the Opportunity, Growth, and Security Initiative will enable us to continue this high value research.

Integrated Resource Restoration

Integrated Resource Restoration (IRR) began in FY 2012 as a pilot project in Regions 1, 3, and 4. The FY 2015 budget proposes to expand the pilot project to full implementation, even though Congress has not yet received a report on the results of the pilot project.

Once again the administration has proposed to consolidate five budget line items into one budget line item for IRR. The FY 2015 budget request would zero out the budget line items for Wildlife and Fisheries Habitat Management; Forest Products; Vegetation and Watershed Management; Legacy Roads and Trails; and Hazardous Fuels reduction activity in the non-WUI (Wildland Urban Interface). The total funding for these five budget line items in the FY 2014 enacted bill was \$776 million and the total FY 2015 request for the IRR line item is \$820 million -- a \$44 million increase.

While this committee may not necessarily be opposed to increased funding for forest restoration activities, it is the job of this committee to understand exactly how and where our taxpayers' dollars are being spent, and combining several different programs into one line item does not lend itself to good oversight.

Calvert Q15: The FY 2014 omnibus legislation directed the Forest Service to brief the Committees on Appropriations of the House and Senate on its IRR plan for FY 2014 within 90 days of enactment. When can we expect to have that briefing?

Answer: The agency is working with the Interior Subcommittees on Appropriations to schedule the IRR briefings in May.

Calvert Q16: What is the rational basis for fully implementing a program prior to having the results from the pilot program?

Answer: The flexibility provided by IRR pilot authority has expedited the completion of landscape-level restoration projects that would otherwise be split over the course of many years. It allows the agency to leverage funds across multiple programs to increase efficiency in planning and in achieving restoration outcomes. The flexibility given to line officers and program managers has proven beneficial in helping with prioritizing restoration treatments. To fully realize the flexibility created through IRR, it must be expanded to the full agency. In doing so, the agency can focus resources on integrated ecosystem restoration across the country.

The Forest Service will continue to monitor and report the performance results from the three regions under the IRR pilot authority to demonstrate the advantages of the program.

Calvert Q17: How do we know that this is a cost-effective manner in which to conduct these

restoration activities?

Answer: The pilot authority has provided preliminary validation of some efficiency benefits that would be derived from Nation-wide IRR authority including: an increased ability to achieve integrated outcomes at the landscape scale, a reduced administrative burden within IRR regions, and previously separate programs working better together to achieve shared restoration goals. Increasing agency efforts to carry out priority activities may not result in increased outputs but may lead to more effectively achieving restoration goals and addressing the full suite of priority needs in focused priority restoration areas.

Calvert Q18: What is meant by full implementation? What on-the-ground changes in restoration and land management activities would be seen under full implementation of IRR?

Answer: Full implementation of IRR means the agency would utilize the IRR budget line item (BLI) across all Forest Service regions rather than in the three pilot regions only. We have learned from the pilot that having a single BLI provides flexibility to the line officer in implementing restoration. That flexibility has enabled forests to apply a more complete suite of resources to specific priorities. For example, the line officer would have the flexibility to focus resources to complete the necessary stream restoration or vegetation management more efficiently over a shorter period of time, rather than extending the work through smaller, multiple contracts over a longer span of time due to funding limitations in any one particular BLI.

Having full, national authority would also allow units to make long term plans and enter into multi-year contracts because of the certainty provided by a larger pool of funds.

Having the full authority would not necessarily equate to an increase in outputs or acres treated. It would mean that the agency would have the ability to become more effective at achieving integrated landscape scale outcomes over time.

Calvert Q19: How would the \$820 million in FY 2015 be allocated? Would the activities of the existing budget line items that are being proposed to be rolled into IRR continue in the same fashion, just under a different budget line item? Please provide a specific breakdown to the Committee.

Answer: The IRR includes activities accomplished through previous BLIs for Wildlife and Fisheries Habitat Management, Vegetation and Watershed Management, Forest Products, Legacy Roads and Trails, and Hazardous Fuels outside of the WUI, to reestablish watershed, forest and grassland health fire-adapted landscapes, and ecosystem function. Those traditional BLIs will now be represented by the IRR, encompassing the \$820 million. Those funds would then be allocated to the regions to be implemented or dispersed based on their restoration priorities and their allocation process.

Investing in IRR in FY 2015 is expected to result in an estimated 26 watersheds being restored to a higher condition class. We will achieve this by accomplishing a variety of activities that were once part of the separate BLIs mentioned above. Specifically, we anticipate that under IRR we

will treat 2,700,000 watershed acres, sell 3.1 billion board feet of timber volume, decommission approximately 2,000 miles of road, and restore or enhance 3,262 miles of stream habitat.

Overhead Costs (Cost Pools) vs. Program Costs

In February 2012, the Appropriations Committee directed the Surveys and Investigations (S&I) staff to make a detailed report on the use by the Forest Service of cost pools to fund general administration and management costs, including costs for: line managers and officers at the Washington Office, region, national forest, and district levels; national cross-cutting projects; legislative and communication activities; ongoing business services; utility, communications, computer and other common services; facilities maintenance assessments; and worker's and unemployment compensation costs. S&I completed its work and reported back to the Committee in February 2013 stating that activities funded by Forest Service cost pools lack transparency.

The Forest Service continues to fund its administrative costs through cost pools, and although there is a separate section in the Special Exhibits tab of the budget justification describing cost pools, the information provided is not as detailed and clear as we might like to see. I have heard concerns from many groups working in partnership with the Forest Service saying that overhead costs have skyrocketed in recent years leaving very little of the funding we appropriate for programs to actually trickle down to on-the-ground activities.

Calvert Q20: What percentage of each budget line item goes to overhead expenses vs. actual program activity?

Answer: Cost pools are a tool used to fund activities that cannot be charged directly to a specific program. Administrative costs such as rent, computers, and utilities that cannot be charged to a specific program are charged to cost pools. Activities that directly benefit multiple Forest Service programs such as Region/Station/Area line officer salaries, the Conservation Education program, and public affairs officer salaries are also charged to cost pools.

The overall agency Cost Pool ceiling is \$957 million in the FY 2015 Budget Justification, a reduction of \$100 million from the FY 2012 ceiling level. This reduction will allow for additional funds to be allocated to Forest Service programs and is being achieved primarily through reduced contracts, lease costs, and attrition. For a percentage of each budget line item that goes to Cost Pools, please refer to Exhibits 1 and 2 in the Cost Pools Special Exhibit of the FY 2015 Forest Service Budget Justification (pages 14-22 and 14-23).

We have worked at making our Cost Pool Special Exhibit more transparent. Exhibit 3 was added following the Surveys and Investigations review.

Calvert Q21: In an effort to have more transparency into how appropriated funds are being spent, would you please provide a breakout by budget line item of overhead costs vs. program costs for the FY 2014 enacted and FY 2015 request?

Answer: Please refer to Exhibits 1 and 2 in the Cost Pools Special Exhibit of the FY 2015 Forest Service Budget Justification (pages 14-22 and 14-23) for the percentage of each BLI that contributes to Cost Pools as proposed in FY 2015, actually occurred in FY 2013 and is estimated for FY 2014. We appreciate that our Cost Pool financial tool is complex and may be unique, and we offer to discuss this process further with the Subcommittee.

Collaborative Forest Landscape Restoration Program (CFLRP)

The Committee is interested in better understanding the cost-effectiveness of the Collaborative Forest Landscape Restoration Program (CFLRP) and how the program is impacting other agency programs and forests as a result of the 50-50 match requirement and associated long term contracts.

Calvert Q22: If Congress agrees to increase funding for CFLRP by \$20 million as requested in the FY 2015 budget, where will the corresponding match come from?

Answer: The mix of matching funds will depend on which projects receive the additional funding and which matching funds are available for that project. In general, through FY 2012, about 20 percent of the program match came from partner funds and in-kind contributions, 5 percent has come from goods-for-services, 2 percent has come from permanent and trust funds, and 73 percent has come from other appropriated funds.

Calvert Q23: For each CFLRP project, provide an annual accounting of the agency funding that was required to meet the 50-50 match on that forest. Please indicate which program funds were used to meet this match requirement (Forest Products, Hazardous Fuels, etc.).

Answer: Each report includes a breakdown of matching funds used for each project. Agency funds are broken down by BLI. Also included are goods-for-services, partner matching funds and in kind contributions, and permanent and trust funds. Additional compiled information can be provided at the Committee's request.

Calvert Q24: In addition, please indicate if a CFLRP forest required increased allocations of appropriated program funding from the regional or national offices in order to meet the 50-50 match requirement.

Answer: Each CFLRP forest has been able to utilize a portfolio of partner funds, in kind contributions, goods for services, permanent and trust funds and other appropriated funds to fund the other 50 percent of implementation and monitoring not covered by the Collaborative Forest Landscape Restoration Fund. Regions have not been provided additional allocated funds to use as a match to CFLRP funds.

Calvert Q25: Provide an accounting for each CFLRP project of the amount of CFLRP funding and regular program funding that was spent to generate annual timber sale outputs on the forest. The Committee is interested in understanding whether landscape scale, collaborative projects have resulted in increased efficiencies, or if increased outputs are merely a result of increased funding.

Answer: One of the strengths of CFLRP is the ability to use the program's flexible BLI to obtain integrated program accomplishments. Because of the integrated nature of CFLRP activities, we do not track what funding goes directly into generating timber at the national level. Projects have anecdotally reported that building collaborative trust has allowed them to increase their restoration thinning, leading to an increase in timber removed during restoration treatments as well as an increase in the landscape size of National Environmental Policy Act (NEPA) decisions. Timber volume sold from each project from FY 2010 to FY 2013 is shown below (this figure includes three projects funded as high priority restoration projects in FY 2012 that were funded as CFLRP projects in 2013).

Project Name	Sum of Timber Volume Sold FY 2010 to FY 2013 (CCF)	CCF converted to MBF
Four Forest Restoration Initiative	590,448	295,224
Burney-Hat Creek Basins	86,357	43,179
CO Front Range	40,742	20,371
Cornerstone	23,586	11,793
Deschutes	40,116	20,058
Dinkey Landscape Restoration	35,094	17,547
Grandfather Restoration	7,608	3,804
Kootenai Valley Resource Initiative	25,034	12,517
Lakeview Stewardship	3,095	1,547
Longleaf Pine Ecosystem Restoration and Hazardous Fuels Reduction	25,520	12,760
Longleaf Pine Florida	84,717	42,359
Missouri Pine Oak Woodlands Restoration	29,621	14,810
Northeast Washington Forest Vision	70,335	35,167
Ozark highlands Ecosystem Restoration	40,578	20,289
Selway Middle Fork	25,666	12,833
Shortleaf Bluestem Community	148,737	74,369
Southern Blues Restoration Coalition	143,983	71,991
Southwestern Crown of the Continent	74,549	37,275
Southwestern Jemez Mountains	2,683	1,342
Tapash	71,681	35,840
Uncompahgre Plateau	35,219	17,609
Weiser-Little Salmon Headwaters	50,555	25,278
Zuni Mountain	20,597	10,298
Grand Total	1,676,520	838,260

Calvert Q26: Are there instances where program funding was shifted from non-CFLRP forests to CFLRP forests in order to meet the 50-50 match requirement or long term stewardship contracts associated with CFLRP projects? Please provide examples.

Answer: The CFLRP projects were nominated by the region and therefore represent regional priorities. While some projects may be receiving increased funding because they are an agency priority, no instances have been reported where funds are moved from one forest to another to simply meet match requirements.

Calvert Q27: Does the agency assign timber sale targets to CFLRP funding? If not, why? How is cost-effectiveness measured for CFLRP funding?

Answer: When formulating their proposals, CFLRP project teams worked with collaborative groups to set project objectives. Based on these objectives and continued dialogue with their collaborative groups, project teams submit their planned accomplishment numbers for each fiscal year two years in advance. Cost effectiveness for each project will be measured by how the funding is helping projects reach restoration outcomes efficiently. These outcomes will be reported through a suite of indicators in the required five-year report to Congress, and will be tracked over time as projects report NEPA efficiencies.

Hazardous Fuels

The Committee has sought to provide the agency guidance to consider increasing the amount of hazardous fuels funding spent outside of the Wildland Urban Interface (WUI) in the hopes of treating more forested acres and decreasing overall fire risk and acres burned.

Calvert Q28: For fiscal years 2009-2013 please provide a breakout of the amount of hazardous fuels funding spent inside and outside of the WUI as well as inside and outside of areas identified in Community Wildfire Protection Plans.

Answer: Hazardous Fuels expenditures are not tracked in this manner because the BLI is not broken out this way. They are tracked as one BLI – by National Forest and Region. However, we estimate that we spend 20 to 25 percent of the Hazardous Fuels BLI outside of the WUI with the remainder spent inside the WUI. Projects are not always solely WUI or non-WUI, so it is difficult to determine exact amounts.

The acres treated with Hazardous Fuels funds from 2009 to 2013 and the percent of treatment in areas adjacent to communities with CWPP are listed below. The acres in WUI and non-WUI are for Hazardous Fuels BLI funds only, including funding that is part of the IRR pilot. These figures do not include funding from other BLIs (for example, Wildlife and Fisheries) that also contribute to hazardous fuels reduction goals. The CWPP figures are the percentage of all acres treated that result in hazardous fuels reduction outcomes.

	2009	2010	2011	2012	2013
WUI (acres)	1,312,506	1,154,127	805,149	1,032,987	1,006,849
Non-WUI (acres)	688,821	765,128	370,180	317,200	305,789
CWPP	41%	45%	61%	93%	85%

National Trails

In 2013, the Government Accountability Office (GAO) released a report on Forest Service Trails entitled “Long- and Short- Term Improvements Could Reduce Maintenance Backlog and Enhance System Sustainability”.

Calvert Q29: How much additional funding per year would be needed to reduce the trails maintenance backlog identified in the recent GAO report to zero in 5 years?

The Forest Service has emphasized engaging more citizen volunteers and youth in the maintenance of trails, as has been done through long term partnerships with nonprofit organizations for the national scenic and historic trails for many years.

Answer: In the FY 2012 GAO Report, we estimated over \$314 million in trail deferred maintenance backlog. The GAO cost estimate, however, only addressed eliminating the deferred maintenance that existed in FY 2012 at one time, not over 5 years. It did not include the costs of ongoing annual maintenance or the increased annual maintenance costs that would exist once more trail miles are moved out of deferred maintenance. In order to eliminate existing deferred maintenance over 5 years, while also doing the annual maintenance needed to maintain all trails to standard, a larger investment would be needed.

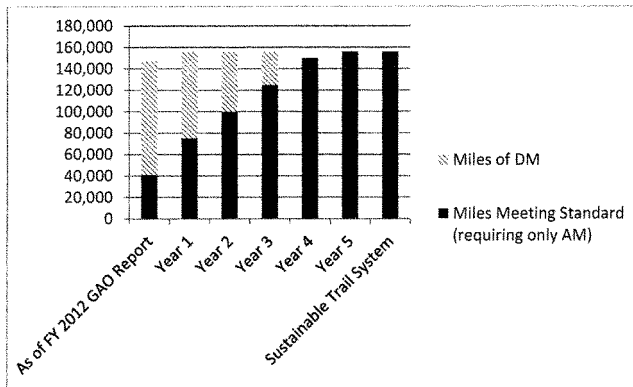
We have requested \$77.5 million for the Trails Program in FY 2015 as well as an additional \$10.5 million for trail maintenance through the Opportunity, Growth, and Security Initiative, to begin addressing the Trails maintenance backlog. We estimate that we can conduct maintenance on at least 49,500 miles of NFS trails with the \$77.5 million requested in the FY 2015 President’s Budget. With the additional Opportunity, Growth, and Security Initiative funding we would perform maintenance on an additional 9,000 miles of trails in the National Forest System. The field focuses funds on their highest priority trail system needs based on public use, safety concerns, and targeted deferred maintenance.

The land-based component of the trail system (excluding snow and water trails) contains over 126,000 miles of trail, on which deferred maintenance exists on 106,000 miles (The full Forest Service trails system contains 158,000 miles of trail). At recent funding levels, the deferred maintenance backlog has remained rather steady as units focus on annual preventative maintenance but are unable to significantly reduce the existing deferred maintenance backlog. Deferred maintenance work is significantly more costly, time consuming, and labor intensive than annual maintenance. Deferred maintenance work varies widely; projects range from replacing a culvert to reconstructing a complex retaining wall. With this wide range of different maintenance needs, specific per/mile cost estimates vary for current and future deferred maintenance work. Right now, we estimate a cost of approximately \$70 million to eliminate deferred maintenance on 25,000 miles of trails.

Deferred maintenance includes repair, replacement or decommissioning and is distinct from annual maintenance, which is defined as the preventive or cyclical maintenance necessary to keep a trail open to the public. In addition to addressing and reducing the amount of deferred maintenance backlog each year, additional funding is necessary to maintain these trails to

National Quality Standards in subsequent years, ensuring that they remain safe, clean, accessible, and meet resource management objectives.

	As of FY 2012 GAO Report	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6 (Sustainable Trail System)
Miles Meeting Standard (requiring only annual/cyclic preventative maintenance)	41,175	75,000	100,000	125,000	150,000	156,000	156,000
Miles of Deferred Maintenance	106,000	81,000	56,000	31,000	<10,000	<10,000	<10,000



Calvert Q30: Does the Forest Service need additional authority and funding to significantly increase and expand this citizen stewardship of public resources?

Answer: The Volunteers in National Forests Act of 1972 provides sufficient authority to Forest Service units to effectively engage volunteers, work with a wide range of partner types, and fund projects that contribute to citizen stewardship and address diverse forest activities. The additional funding requested in the FY 2015 President's Budget would significantly expand partnership for the stewardship of public resources.

We are also evaluating how to work through the 21st Century Conservation Service Corps and other partner opportunities to increase maintenance of National Forest System trails. The FY 2015 President's Budget includes \$77.5 million for Trails (of which approximately \$70 million is for trail maintenance work) as well as an additional \$10.5 million for trail maintenance through the Opportunity, Growth, and Security Initiative. We estimate that we can conduct maintenance on at least 49,500 miles of National Forest System trails with the \$77.5 million requested in the

FY 2015 Budget. With the additional Opportunity, Growth, and Security Initiative funding we would perform maintenance on an additional 9,000 miles of trails in the National Forest System.

National Forest System

Calvert Q31: How many acres of NFS lands did the Forest Service treat in fiscal year 2013? Please break this down by:

- a. Acres mechanically treated.

Answer: A total of 633,000 acres were mechanically treated. This includes the sum of b (acres mechanically treated using commercial timber harvest, 372,000) and d (acres treated using other tools besides prescribed fire and mechanical thinning, 261,000) as shown below.

- b. Acres mechanically treated using commercial timber harvest.

Answer: A total of 372,000 acres were treated including 209,000 acres that were treated using commercial timber harvest, and 163,000 acres that were thinned for hazardous fuels purposes.

- c. Acres treated with prescribed fire (please describe the number of acres treated with prescribed fire that were wildfires burning within prescription, fires being allowed to burn to achieve resource objectives, or acres burned in back fires as part of suppression efforts).

Answer: The acres treated with prescribed fire is 1,279,000; additionally, 466,000 acres were “treated” by wildfire (note: these are acres burned by a natural-ignition wildfire that were later reviewed and compared to Land Management Plan (LMP) desired conditions to determine if the outcome furthered the goals of the specific LMP).

- d. Acres treated using other tools besides prescribed fire and mechanical thinning.

Answer: There were 261,000 acres treated by biological methods, biomass removal, chemical methods, chipping, crushing, grazing, lop and scatter, machine pile, mastication or mowing.

All acres are rounded to nearest 1,000. In FY 2013, 2,378,000 acres of National Forest System lands were treated. This includes the sum of categories a and c above ($633,000 + 1,279,000 + 466,000 = 2,378,000$)

Calvert Q32: Does the Forest Service have the means to reduce unit costs, for acres treated or units of wood produced, on acres outside of CFLR project areas? Can you describe those to us?

Answer: The principles of working with communities to treat larger landscapes are not

restricted to CFLRP projects and are implemented across the agency. For example, multiyear, restoration action plans have been established for over 270 priority watersheds across the country. Efforts are underway to increase the efficiency and effectiveness of environmental analysis and NEPA. The Forest Service has the ability to utilize stewardship contracting where goods (e.g., the value of timber) are traded for services (e.g., work accomplished on the ground). This allows the opportunity to treat additional acres. In addition, the Forest Service continues to work with contractors to implement new ideas and to find innovative methods to accomplish reduce cost and increase treatments on the ground.

Calvert Q33: Can you describe in some detail the pilot efforts the Forest Service is engaged in to streamline NEPA compliance on larger landscapes? Which forests are involved? How many acres total? What are the expected outputs?

Answer: The Forest Service does not have any specific pilot programs to streamline NEPA for large landscape projects. We are, however, engaged in several efforts examining our NEPA practices to develop more cost effective and time efficient methods. These efforts include:

- **Restoration Categorical Exclusions (CEs):** Three CEs to promote hydrologic, aquatic, and landscape restoration were published in the *Federal Register* in September 2013.
- **Quality Assurance:** The NEPA oversight and quality assurance framework is being used to assess needs and identify actions to improve NEPA effectiveness and efficiency across the agency, with action items being identified from the national forest level to the Washington Office (WO). The WO is assisting regional and local oversight efforts to maximize the framework's utility.
- **Learning:** A line officer focus group developed recommendations that focus on the critical thinking that a line officer needs in order to increase the scale, efficiency, and collaboration for restoration projects. Three learning networks continue to explore adaptive management, focused environmental assessments, and iterative environmental impact statement processes. The results support and encourage learning, change, and new direction. Learning is being shared via several internal venues and specific action items are underway, such as a revised environmental assessment template and discussions with document reviewers (e.g., Office of General Counsel and Environmental Protection Agency).
- **Training:** Along with an "Introduction to NEPA" course, two new training courses were implemented in 2013 - a combined NEPA and Collaboration course and a NEPA Team Leader course.
- **Technology:** "Electronic Management of NEPA" (eMNEPA) investments provide considerable cost and time savings, contributing to an efficient NEPA process by reducing the administrative workload (\$7 million/year savings from 2005 to 2010 and a projected \$17 million through 2014). Strike teams are responding to field needs to rapidly

scale up the adoption of these electronic tools. The newest efficiency investments include:

- ***Comment Analysis and Response Application*** – Allows public document view and comment via the Internet.
- ***Project Record Management*** – Allows Forest Service employees to build and access a project record within the Planning, Appeals, and Litigation System database.

Showcase Projects: Each region within the Forest Service submitted projects to highlight some aspect of NEPA efficiency on a large scale. There are 15 projects in various stages of analysis. Project briefing papers are updated quarterly and are shared with agency leadership.

Questions from Mr. Simpson**Wildfire Funding**

Your budget proposes to change the way that we budget for wildfires by funding catastrophic fires the same way we fund similar natural disasters, like hurricanes and floods. I strongly support the intent of this language, which would end the disastrous practice of fire borrowing in order to pay for fire suppression. I do have a question about the proposal, however:

Simpson Q1: How do you propose that this new mechanism would work? Do you expect that wildfire suppression funds will come out of the regular discretionary budget—regardless of whether the fire is a routine one or a catastrophic one—until we reach 70% of the ten-year average, or do you expect to determine which fires would be eligible for a disaster cap adjustment and which need to be funded through the normal process?

Answer: The FY 2015 President's Budget proposes that funds within the budget cap adjustment only be accessible for wildland fire suppression operations if one or more of the following criteria are met and a declaration has been issued by the Secretary of Agriculture:

- a fire has required an emergency Federal response based on significant complexity, severity, or threat posed by the fire to human life, property, or resource,
- the fire covers 1,000 acres or more,
- the fire is within 10 miles of a major urban area (defined as 50,000 inhabitants or more), or
- the cumulative costs of wildfire suppression operations will exceed all of the amounts previously appropriated within 30 days.

Funding would become immediately accessible following a declaration and notification by the Secretary when agencies meet identified trigger criteria to begin accessing funds under the cap adjustment. Regardless of the trigger, there will be fires that will initially be funded using discretionary funds. A seamless approach for accessing the funds within the budget cap adjustment will be developed to simplify the agency's tracking of individual fire costs and financial accounting and minimize the difficulties in using different types of funds (discretionary versus fire cap funds).

Air Tankers

In the Defense Authorization bill last year, the Forest Service acquired a number of C-130Hs. My understanding is that these planes required retrofitting and work to be able to meet the Forest Service's needs.

Simpson Q2: What is the status of these planes? Where do you intend to base them? What is your plan to maintain them? What relationship will they have with NIFC?

Answer: A transfer strategy and timeline for the planes has been developed and is being implemented. We expect the first aircraft to be transferred in late 2014 and operational in FY 2015 after the Air Force completes their retrofitting work. The C-130H aircraft will be Forest Service owned and contractor operated and maintained. We expect three aircraft to be transferred in FY 2017 and the remaining three to be transferred in FY 2018.

Where do you intend to base them?

Answer: The Forest Service is evaluating basing options and locations at this time and expects to have a decision in the next few months.

What is the relationship with NIFC?

Answer: The Forest Service C-130H airtankers will be part of the national airtanker fleet coordinated through the National Wildland Fire Coordinating Group which resides at the National Interagency Fire Center.

Simpson Q3: Now that you have acquired these planes, what are your current needs for air tankers? Do you still need additional tankers? How can this subcommittee help?

Answer: The Forest Service is currently planning for 25 airtankers in FY 2015.

More specifically, the Forest Service is planning for: 8 legacy airtankers, 16 next generation airtankers, and 1 Forest Service owned/contractor operated excess U.S. Coast Guard C-130H converted into an airtanker. The Forest Service will exercise options under the exclusive use contracts for additional airtankers if necessary, for up to 30 airtankers.

Regarding the need for additional airtankers, we are planning in accordance with the *Large Airtanker Modernization Strategy*, which states the need for a fleet of 18 to 28 next generation large airtankers in today's wildland firefighting environment. To meet that goal, we are planning for up to 28 next generation airtankers to be in place by FY 2018 – up to 21 under contract with private industry and seven C-130H airtankers, excess DOD aircraft. We will plan for and request Preparedness funds within our budget to carry out this modernization.

Questions from Mr. Joyce**Question on Emerald Ash Borer**

As you know, the entire state of Ohio is under Emerald Ash Borer (EAB) quarantine—meaning ash tree material and hardwood firewood are prohibited from leaving the state. I'm very concerned that insects like the EAB and Asian long-horned beetle, which were discovered in Ohio just a few years ago, will negatively impact the families and communities who rely on this resource. In my district alone, there are close to 520,000 acres of private forests—almost 7 times the public land acreage.

Joyce Q1: What U.S. Forest Service programs exist to specifically reach out to these private landowners and help them mitigate this looming invasive threat?

Answer: Within State and Private Forestry, the Forest Health Protection program provides technical and financial assistance to States to help manage forest insects and diseases. Assistance is provided to the State forestry agencies so they are able to provide advice and financial assistance to private landowners. Our Northeastern Area State and Private Forestry Office has several additional programs that provide funding and assistance to States to work with landowners and communities on pest management (including the EAB). These include the Forest Stewardship and Urban and Community Forestry programs. Since 2010, the Forest Service has provided more than \$2 million to Ohio for tree replanting to help restore areas impacted by EAB.

The Forest Service continues to provide tools to communities and homeowners to identify and treat EAB infestations, assist with tree replacement, and increase opportunities for tree utilization. Working in partnership with State agencies, the Forest Service provides assistance to achieve comprehensive community forest management that emphasizes tree species diversity. These management techniques result in healthier forests that are more resilient to diseases and pests like EAB.

Question on Hydraulic Fracturing and Horizontal Drilling

The increase in domestic energy production is due to the application of two proven engineering technologies – hydraulic fracturing and horizontal drilling. Horizontal drilling and hydraulic fracturing have been used commercially since the 1940s, as has the US Forest Service. Development of resources using these technologies is responsible for 2.1 million American jobs and this number is expected to rise to 3.9 million in 2025, including the Marcellus Shale in the eastern part of my home state, Ohio. Furthermore, tens of thousands of wells are drilled every year using the process, and we have seen over a million wells drilled in the US with no cases of groundwater contamination.

Joyce Q2: Do you agree that hydraulic fracturing is critical to our economy and our national security?

Answer: Based on production reports, it is clear that hydraulic fracturing has contributed to an increase in production of oil and gas resources in the United States. However, we defer to other sources within the Federal government (such as the Energy Information Administration) as to its impact on the Nation's economy and national security.

It is Forest Service policy to foster and encourage private enterprise in the orderly and economic development of domestic resources to help assure satisfaction of industrial, security, and environmental needs.

Joyce Q3: Do you agree that it is a proven technology and can be used safely? And are you aware of any cases where hydraulic fracturing has contaminated drinking water?

Answer: For projects on the National Forest System, the Forest Service relies upon expertise within Department of the Interior agencies to evaluate proposed hydraulic fracturing operations. The Forest Service is not the appropriate agency to provide an opinion on whether hydraulic fracturing is a proven, safe technology.

We are not aware of any documented instances where hydraulic fracturing has contaminated drinking water on National Forest System lands.

Questions from Mr. Valadao**Marijuana Eradication**

Valadao Q1: The President is requesting approximately \$1 million less for Forest Service Law Enforcement Operations this year than was enacted in FY14. Given those funding constraints, can you tell me how much focus you intend to place on marijuana investigations and eradication as part of your FY15 budget?

Answer: The Forest Service continues to recognize the threat marijuana cultivation on public lands poses to the safety of the public, employees, and the environment and will continue to make combatting this problem a high priority in FY 2015. Law Enforcement and Investigations (LEI) will also continue to strengthen partnerships and work closely with other Federal, State, and local law enforcement as a means of leveraging all available resources and responding to this threat in a coordinated and efficient manner.

Valadao Q2: Although marijuana grows on federal lands are a federal responsibility, I know many local law enforcement agencies are eager to join your fight and are positively impacted by your successes. Within your FY15 appropriations do you intend to provide funding assistance to partner with local law enforcement agencies who have demonstrated a strong desire to support your law enforcement and marijuana eradication operations? If no, what additional budget and manpower resources would you need to accomplish this objective?

Answer: LEI cooperates and partners with many Federal, State, counties, and local law enforcement agencies to combat cultivation of marijuana on National Forest System lands. LEI will continue to provide funding assistance to our State, county, and local law enforcement partners through our Cooperative Law Enforcement (CLE) agreements. In FY 2014, LEI is providing approximately \$6.2 million in general CLE funding and \$1.2 million in drug-specific CLE funding to cooperators and plans similar funding agreements in FY 2015.

Valadao Q3: Do you believe the FY15 budget allows USFS to do all that it can to support partnerships with local law enforcement? What additional budget and manpower resources would you need to accomplish this objective to the optimum degree? How many dollars and how many staff? I would like to support a heightened USFS eradication and investigations initiative in California and elsewhere. Will you commit to working with me and my staff to identify resources that may be available for supporting partnerships with local law enforcement for marijuana eradication?

Answer: Law Enforcement and Investigations will continue to cooperate, support, and partner with State, county, and local law enforcement. LEI will also prioritize operational activities in order to appropriately respond to any existing and/or any new threats to public safety and resources on National Forest System lands. The Forest Service is committed to working with

you and your staff to identify resources for supporting partnerships, marijuana eradication, and other law enforcement activities with our local partners.

Wildland Fire

Valadao Q4: The risk of more catastrophic wildfire increases each year with the build-up of fuels in our forests. Do you recognize the need for a streamlined regulatory process to allow fuel-reduction activities, such as timber thinning and livestock grazing, to be put to work as soon as possible? Wildfire is indiscriminate, unregulated, and far more damaging than any skidder or cow.

Answer: Complete prevention of wildfires is not possible, nor is it practical or even desirable. Wildland fire is a natural and necessary component of many ecosystems. The purpose of hazardous fuel treatments is usually to reduce the severity and potential undesirable impacts of wildfire. We have a wide variety of tools available that will help us expedite the NEPA associated with fuels management. With the new categorical exclusions associated with restoration now available, we believe we have an adequate array of options at this time.

The Forest Service continues to be engaged in several efforts examining our NEPA practices in order to develop more cost effective and time efficient methods. We are always looking to improve our NEPA processes; however, we do not currently have a need for a modified regulatory process and are able to identify internal efficiencies utilizing our existing regulatory tools.

Valadao Q5: Would you agree that preventing wildfire is far more preferable than spending taxpayer dollars fighting wildfire? Given that proper management of resources, such as continuing livestock grazing and performing other fuel-reducing activities, will best serve wildlife and local economies, how does the Service plan to support those projects in FY15?

Answer: Complete prevention of wildfires is not possible, nor is it practical or even desirable. Wildland fire is a natural and necessary component of many ecosystems. However, preventing human-caused wildfires and safely and effectively managing wildland fires are also part of the agency's mission. The Forest Service is focused on restoring resilient landscapes to address ecological degradation in its FY 2015 President's Budget request. These efforts will help reduce fire risk – among many other benefits. Restoration includes reforestation, habitat enhancements, invasive species control, hazardous fuels treatments, watershed restoration, forest disturbance research, and other measures to help make ecosystems more resilient and more capable of delivering benefits that people want and need. In FY 2015, the Forest Service is proposing to accelerate the pace of this restoration through full implementation of IRR at \$820 million; an expanded CFLRP at \$60 million; and an increase in Hazardous Fuels funding to \$358.5 million, as well as continued investment in Forest Health, Cooperative Fire Assistance, Land Management Planning, Assessment and Monitoring and other key Forest Service programs. This budget also calls for a fundamental change in how wildfire suppression is funded in order to reduce fire risk, manage landscapes more holistically, and increase the resilience of the Nation's forests and rangelands and the communities that border them.

Valadao Q6: How have recent wildfire seasons impacted range improvements? What amount, in dollars, would you ascribe to the damage done to range improvements (water infrastructure, fences, etc.) by wildfire in the last 5 years? How does the agency propose to address this problem?

Answer: We estimate the damage from wildfires to range structural improvements on National Forest System lands to be approximately \$12 million at this time. Between 2012 and early 2013 we invested over \$3 million into replacing and repairing range improvements in six Regions. In 2014, \$525,000 is intended for range improvements damaged by the 2013 Rim Fire in California.

Funding for range improvements comes primarily from the Vegetation and Watershed Management/IRR Budget Line Items. The Range Betterment Fund (50 percent of grazing receipts from the 16 Western States) is also used for rangeland improvements. In the past, these two funding sources have contributed \$12 to \$15 million a year toward range improvements. Local units prioritize investments in watershed improvements, which include range improvements.

THURSDAY, APRIL 3, 2014.

NATIONAL PARK SERVICE 2015 BUDGET REQUEST

WITNESSES

JONATHAN JARVIS, DIRECTOR
BRUCE SHEAFFER, COMPTROLLER

OPENING REMARKS OF CHAIRMAN CALVERT

Mr. CALVERT. The Committee will come to order. Ranking Member Moran is stuck probably on the bridge. I live here on the Hill so I do not have that problem, but he will be here shortly.

Mr. SIMPSON. Some of us cannot afford the Hill.

Mr. CALVERT. Okay. Moving on.

Director Jarvis, I want to thank you and your colleagues for being with us today to discuss the important work of the National Park Service and your priorities for fiscal year 2015. It is nice to see our friends, Bruce Sheaffer, and a member of our Subcommittee family, Grace Stephens, with you today.

As you know, our Subcommittee worked very hard to restore funding to a number of critical areas within the Park Service budget in the enacted fiscal year 2014 appropriations bill. We were particularly focused on reversing some of the detrimental effects of sequestration on the operations accounts. I am pleased that we were ultimately able to restore funding to fiscal year 2012 levels. We fully intend to follow the regular order process this year and have a funding bill enacted for fiscal year 2015.

Overall, the proposed funding level in your fiscal year 2015 budget request is \$2.6 billion, which is \$55 million above the fiscal year 14 enacted level. The largest increase, about \$40 million in discretionary funding, is proposed for efforts relating to the Centennial of the National Park Service. We look forward to hearing in some detail the Service's plans for celebrating its 100th anniversary and the role Park Service partners and the private sector will play in this effort. One proposal related to the Centennial worth noting is the revival of the Bush-era Centennial Challenge, a concept which proposes to leverage \$10 million in federal dollars with private sector dollars through a one-to-one matching of funds.

Ironically, the largest funding increases proposed for the Park Service, well over \$1 billion, through proposed changes in mandatory programs outside of the jurisdiction of this Committee. It appears that the vast majority of the Administration's request to address the deferred maintenance backlog and to fund a larger piece of the Centennial requires legislation by the authorizing committees of jurisdiction, not the Appropriations Committee.

Another issue addressed in the budget request is the authority the Park Service uses under the Federal Lands Recreation Enhancement Act—FLREA—to levy entrance fees. This authority,

which is set to expire at the end of this calendar year, is critical to providing revenue to our national parks. It is also important to the Forest Service and other Department of the Interior land management bureaus. We hope you will shed some light today on the importance of this authority to your overall mission, and make a strong case for why the authority should be extended.

Like any number of my colleagues on the Committee, I look forward to seeing the remaining scaffolding on the Washington Monument come down in the coming weeks and having this famous landmark reopen to the public. This subcommittee is very proud to have played a role in providing \$7.5 million of the \$15 million required to repair the damage from the earthquake several years ago with the remaining funds provided by philanthropist David Rubenstein. Members of the Subcommittee and our staff look forward to visiting the Washington Monument when it reopens in mid-May.

Mr. CALVERT. Director Jarvis, we look forward to hearing from you on these and other issues but first, I will yield to my friend, Mr. Moran, but I don't know if Betty wants to make a few comments.

Ms. MCCOLLUM. Yes.

Mr. CALVERT. I recognize Ms. McCollum.

OPENING REMARKS OF MS. MCCOLLUM

Ms. MCCOLLUM. Thank you, Mr. Chair.

We are very pleased to have you here today. I am glad that the Chairman brought up sequestration because I want to take a second and thank all the people who work in the Park Service but especially those who had direct contact. I was up at Voyageurs when sequestration was going on, and the way that the Park Service handled it, the comments that were made in International Falls and other places as they were afraid things weren't going to go well for them. The Park Service is to be commended for just doing everything that they could to continue to make sure that visitors had good experiences keeping some of the facilities open for the boaters when they came in at Voyageurs. I am sure you did that in other parks as well to the best of your ability. So I just want to thank you and all the federal employees but the Park Service employees that I interacted with too.

I am very excited about hearing more about the Centennial. I had the honor and the privilege of being at Gettysburg, having family that fought with the Pennsylvania Regiment but representing the Minnesota Regiment. When I was out there, the work that you did on moving staff around at Gettysburg because of a high visitor turnout.

So thank you and all the people who work in the Park Service for all the flexibility that you have shown this committee and our Nation during the sequestration shutdown, and I share the Chair's optimistic view that we will not go back there again.

Mr. CALVERT. From your lips to God's ear.

My family was on the opposite side in Gettysburg, but we were all there.

Ms. MCCOLLUM. I hope we did not get any of you.

Mr. CALVERT. With that, I am happy to recognize the Director.

OPENING REMARKS OF DIRECTOR JARVIS

Mr. JARVIS. Thank you, Mr. Chairman and members of the Subcommittee, and thanks for this opportunity to appear before you for the 2015 budget request for the National Park Service. I would like to summarize my testimony and submit the entire statement for the record.

First, I would really like to express my deep gratitude for your support for the work we do, being stewards of the Nation's treasured resources. We look forward to working with you, and particularly as we lead up to the Centennial in 2016 and really the beginning of our second century of stewardship and public engagement.

The roots of the National Park Service lie in the parks' majestic, often isolated national wonders and in places that exemplify our cultural heritage, but our scope now extends to places really difficult to imagine 100 years ago, into urban centers and rural landscapes, deep within oceans and across night skies. The 100th anniversary will draw the attention of the Nation and the world, and we must be prepared to welcome new and returning visitors excited to learn, explore and be inspired by the national parks.

In partnership with the National Park Foundation, our official nonprofit partner, we have embarked on a campaign to increase the public awareness of the opportunity presented by these extraordinary natural and cultural resources.

The highlight of the 2015 request is the Centennial Initiative, which includes a \$40 million increase in discretionary funding and an investment in the national park system that includes \$4 million to engage a new generation through the 21st Century Conservation Service Corps, \$2 million to provide opportunities for increased volunteerism, \$16 million to invest in the rehab of high-priority assets such as visitor use facilities, historic structures and trails, and \$8 million to hire seasonal employees to support visitor experience. Seasonals are really the face of the national parks to our visitors. They provide ranger talks and guided hikes. They operate visitor centers, maintain trails, keep visitors, employees and resources safe. The remaining \$10 million will reinvigorate, as you indicated, the successful Centennial Challenge program where partners match federal dollars one to one to leverage our ability to protect resources and tell America's stories.

In addition to the discretionary request, the Centennial Initiative includes \$400 million annually in mandatory funding including \$100 million for the Centennial Challenge, \$200 million for the Second Century Infrastructure Investment to address deferred maintenance and \$100 million in a multiagency competitive Centennial Land Management Investment Fund. Separately, the Administration's 2015 Opportunity, Growth, and Security Initiative includes \$100 million for the Second Century Infrastructure Investment and \$100 million for the Centennial Land Management Investment Fund.

Overall, the budget would restore 1,700, or 20 percent, of the high-priority park assets to good condition, create thousands of jobs, provide more than 10,000 work and training opportunities to young people, and engage more than 265,000 volunteers in support of public lands.

The results of a new economic report highlight the value of investing in the national parks. In 2012, the parks received more than 282 million visits. Visitor spending generated more than \$26 billion in output, which supported more than 243,000 jobs. Every dollar invested by taxpayers in the national park system returns \$10 to the U.S. economy.

The operations request also includes a \$2 million increase for seasonals to support visitor services at new parks like Cesar Chavez National Monument and new responsibilities like the new visitor center and museum at Fort Davis National Historic Site.

The request includes a \$1 million increase for line item construction to address the most critical health and safety improvements. The Administration again proposes a reduction in the National Heritage Area program, which supports the directive in the 2010 Interior Appropriations Act for established heritage areas to become more self-sufficient.

The budget includes an increase of \$6 million for federal land acquisition projects to acquire more than 4,400 high-priority acres in authorized parks.

The request also includes a \$192 million mandatory proposal for NPS land acquisition and recreation grants for the LWCF including \$115 million for federal land acquisition projects, \$52 million for state conservation, and \$25 million for UPARR, the Urban Park Recreation and Recovery program.

The remainder of the 2015 request is largely flat from 2014 plus fixed costs.

As we prepare for our second century, the National Park Service must recommit to exemplary stewardship and public engagement for our national parks. We must promote the contributions of the national parks and our community assistance programs to create jobs, strengthen local communities and support ecosystem services. We must strategically integrate our mission across parks and programs and use their collective power to leverage resources and expand our contributions to society.

Mr. Chairman, thank you. That concludes my statement. I will be pleased to answer any questions.

[The statement of Jonathan Jarvis follows:]

STATEMENT OF JONATHAN B. JARVIS, DIRECTOR, NATIONAL PARK SERVICE,
DEPARTMENT OF THE INTERIOR, BEFORE THE SUBCOMMITTEE ON
INTERIOR, ENVIRONMENT, AND RELATED AGENCIES OF THE HOUSE
APPROPRIATIONS COMMITTEE CONCERNING THE FISCAL YEAR 2015 BUDGET
REQUEST FOR THE NATIONAL PARK SERVICE

April 3, 2014

Mr. Chairman and members of the subcommittee, thank you for the opportunity to appear before you today at this hearing on the 2015 President's budget request for the National Park Service (NPS).

NPS Centennial

In 2015, the NPS will stand at the doorstep of its 100th anniversary. America has changed dramatically since the birth of the NPS in 1916. Our reach now extends beyond traditionally isolated natural wonders and exemplary examples of our cultural heritage; to urban centers, across rural landscapes, deep within oceans, and across night skies. The NPS' signature Centennial plan, *A Call to Action*, represents our recommitment to the exemplary stewardship and public enjoyment of our national parks, calling upon NPS employees and partners to commit to 39 actions that advance the Service toward a shared vision for strengthening our parks through 2016 and into our second century. The 2015 budget supports *A Call to Action* as the guiding strategy for creating a more relevant Service for the next century. In addition to *A Call to Action*, the NPS, in partnership with the National Park Foundation, is preparing to launch a marketing

campaign to engage another generation and a new audience in the life-enhancing and sometimes life-changing experiences to be had at national parks. Centennial planning is already underway across the country, and soon, national signature projects will be chosen that provide opportunities for partners at both the national and local levels to engage with the goals of the Centennial and provide opportunities for broad audience participation in and with the NPS. The 2015 budget includes a strategic set of increases to prepare the Service to enter into its next 100 years.

2015 Budget Summary

The 2015 budget supports continued stewardship of the Nation's most cherished resources. The NPS will continue to carry on its stewardship of these resources of national significance and to provide enriching experiences and enjoyment for all visitors.

Sustaining funding for park operations is a key component of the budget. We recognize the value the 401 national parks and NPS community assistance programs provide all Americans – as places of introspection and recreation, and as economic engines that create jobs and help our gateway communities thrive. A new economic impact report was recently released showing that in 2012 the more than 282 million national park visitors spent \$14.7 billion in local gateway communities, generating \$26.8 billion in output and supporting nearly 243,000 jobs. According to the report, every dollar invested by American taxpayers in the NPS returns \$10 to the U.S. economy. The President's budget will ensure that national parks continue to serve the visitors who come every year to relax and recreate in America's great outdoors and learn about the people and places that make up America's story.

The 2015 President's budget request proposes total discretionary appropriations of \$2.6 billion for the NPS. This is a net increase of \$55.1 million above 2014 enacted discretionary appropriations. The request fully funds \$16.6 million in fixed costs and includes a net program increase of \$38.5 million. The budget proposes targeted increases totaling \$52.2 million to fund essential programs and emerging operational needs. Reflecting the President's call for fiscal discipline and sustainability, the budget also includes \$13.7 million in reductions in external programs, heritage partnership programs, and land acquisition inholdings and grants.

The request includes an estimated \$1.0 billion in mandatory appropriations, a net increase of \$608.6 million. The funds would reduce the deferred maintenance backlog on high priority assets, enhance the NPS' capacity to leverage public/private partnerships, and support land acquisition and grants to state and local governments for recreation. In total, the request includes budget authority of \$3.6 billion.

The highlight of the 2015 budget request is the Centennial Initiative supported by discretionary and mandatory funds. The discretionary request includes a \$40.0 million increase to invest in the second century of the National Park System. This includes a \$30.0 million increase for operations, of which \$4.0 million would support 21st Century Conservation Service Corps youth work opportunities to educate and engage the next generation; \$2.0 million would support volunteer opportunities for young people to expand the capacity of the NPS to manage volunteers in parks; \$8.0 million in competitively managed funds would support enhanced visitor services in the areas of interpretation and education, law enforcement and protection, and facility operations; and \$16.0 million would support improvement in the condition of high-priority park

assets, such as visitor use facilities, historic structures, and trails. Across these Centennial increases, the budget provides an \$8.0 million increase for youth engagement and employment opportunities, and continues the NPS' efforts to attract qualified veteran candidates to fill Federal positions. The remaining \$10.0 million for the discretionary Centennial request would provide the Federal match for the Centennial Challenge, which will leverage partner donations on at least a 50/50 basis for signature projects and programs at national parks in anticipation and support of the Centennial.

Additionally, the budget includes a mandatory proposal for projects which would support the NPS in its second century. This proposal would provide \$100.0 million annually for three years for the Federal match of an expanded Centennial Challenge, supporting signature projects at many more park units during the centennial year and into the NPS' second century. The mandatory proposal will also include \$200.0 million annually for three years for a Second Century Infrastructure Investment to address the deferred maintenance backlog and improve the condition of high priority assets.

The Administration is proposing a government-wide Opportunity, Growth, and Security Initiative which would also support the Centennial Initiative by providing another \$100.0 million for the Second Century Infrastructure Investment to address the deferred maintenance backlog.

Additionally, the NPS will also have the opportunity to compete for project funding through the multi-agency Centennial Land Management Investment Fund. The program will be managed by the Department in partnership with the Department of Agriculture and open to all of Interior's

land management bureaus and the U.S. Forest Service, to address deferred maintenance needs and land conservation, and provide youth employment opportunities. This fund would provide \$100.0 million for three years in mandatory funding. The Opportunity, Growth, and Security Initiative in 2015 also includes \$100.0 million for this program.

Overall, the budget proposal, including discretionary, mandatory, and Opportunity, Growth, and Security Initiative resources, would allow the NPS to restore 1,700 or 20 percent of the highest priority park assets to good condition. The effort creates thousands of jobs over three years, provides over 10,000 work and training opportunities to young people, and engages more than 265,000 volunteers in support of public lands.

The 2015 budget not only proposes funding that will prepare the NPS for its Centennial but focuses on the long-term sustainability of parks and programs. While our 100th anniversary only happens once, the Service is looking toward the future and the next 100 years. The budget reflects our commitment to providing exceptional visitor services, dedication to making a meaningful improvement in the condition of high priority assets, and our responsibility to protect our treasured natural and cultural resources.

Operation of the National Park System

The Operation of the National Park System (ONPS) appropriation funds the operations of our 401 parks and related programs. The 2015 budget proposes ONPS funding at \$2.3 billion, \$47.1 million over 2014 enacted.

The request for operations fully funds fixed costs of \$15.7 million and \$30.4 million in net program increases. These increases are not offset with reductions to park operations.

In addition to the Centennial Initiative discretionary proposals previously discussed, \$2.0 million is requested to fund seasonal visitor services for new parks like Charles Young Buffalo Soldiers National Monument, and new responsibilities at parks, such as the new visitor center and museum at Fort Davis National Historic Site.

An increase of \$456,000 will fund fee and rate increases for water and sewer service provided by the District of Columbia at national park sites in the District of Columbia and \$123,000 will fund services provided by the Department's Office of Indirect Cost Services, which negotiates indirect cost rates with non-Federal entities such as tribal, state, and local governments.

Centennial Challenge

The 2015 budget proposes a \$10.0 million matching program to reinvigorate funding for the Centennial Challenge. Funding would provide the Federal match to leverage partner donations at least one to one for signature projects and programs at national parks in anticipation and support of the upcoming 100th anniversary. This program is further bolstered by the budget's mandatory proposal to fund an additional \$100.0 million a year for three years as part of the Centennial initiative.

Land Acquisition and State Assistance

The Budget proposes \$900.0 million in discretionary and mandatory funding in FY 2015, and proposes to permanently authorize \$900.0 million in annual mandatory funding for the Departments of the Interior and Agriculture Land and Water Conservation Fund programs beginning in fiscal year 2016. For NPS, the 2015 budget proposes \$104.0 million for discretionary Federal Land Acquisition and State Conservation Grants, a net increase of \$5.9 million from the 2014 enacted level. This includes a programmatic increase of \$5.8 million for Federal Land Acquisition. This funding is critical to achieving the goals inherent in the Land and Water Conservation Fund (LWCF) Act of 1965.

Of the total amount, \$55.9 million is proposed to be available for Federal land acquisition projects and administration, a programmatic increase of \$5.8 million compared to 2014 enacted. This includes \$8.5 million to provide grants to states and communities to preserve and protect threatened Civil War battlefield sites outside the national park system through American Battlefield Protection Program land acquisition grants, a reduction of \$470,000 from 2014 enacted. This amount also includes \$29.0 million for NPS Federal land acquisition projects, an increase of \$6.9 million over 2014. The 2015 land acquisition project request totals over 4,400 acres of the highest priority acquisitions. As required by law, the proposed tracts are located within authorized park boundaries. The budget proposes a reduction to Inholdings, Donations, and Exchanges of \$1.4 million and an increase of \$835,000 to the emergencies account.

The budget also proposes \$48.1 million for State Conservation Grants and administration. Of this total, \$42.0 million is proposed for State Conservation Grants, to be apportioned to the states in accordance with the long-standing formula. Another \$3.0 million is included to fund targeted national priorities for conservation grants to states through a competitive program.

National Recreation and Preservation

The National Recreation and Preservation appropriation funds programs that support local and community efforts to preserve natural and cultural resources. The 2015 budget includes \$52.0 million, reflecting increased fixed costs of \$301,000, an increase of \$376,000 for heritage partnerships administrative support, and a programmatic reduction of \$9.5 million for National Heritage Areas (NHAs) commissions and grants, a net change of \$8.8 million below 2014. The proposed reduction supports the directive in the 2010 Interior Appropriations Act for the more established NHAs to work toward becoming more self-sufficient, yet still promotes the long-term sustainability of NHAs and the continued importance of Federal seed money for less mature areas.

The budget provides \$10.0 million for the Rivers, Trails, and Conservation Assistance (RTCA) Program, which assists and empowers communities to implement their own vision of livability, sustainability, and responsibility, and assists partners in successfully utilizing the array of resources and tools available through Federal agencies and nongovernmental groups. The RTCA program helps promote the values of health, conservation, and enjoyment of our Nation's resources with a valuable return on investment through on-the-ground projects, such as river restoration and the creation of walking and biking trails. The budget sustains funding for

American Battlefield Protection Program Assistance Grants at \$1.2 million, which provide grants to assist partners with the preservation of threatened historic battlefields not on NPS lands. Both programs are key components of the America's Great Outdoors initiative.

Historic Preservation Fund

The Historic Preservation Fund appropriation supports Historic Preservation Offices in states, territories, and tribal lands for the preservation of historically and culturally significant sites and to carry out other responsibilities under the National Historic Preservation Act. For 2015, the budget requests \$56.4 million, level with 2014. The request provides \$46.9 million for Grants-in-Aid to States and Territories, and nearly \$9.0 million for Grants-in-Aid to Tribes. The 2015 budget also includes \$500,000 for competitive grants for the underrepresented communities program established in 2014, which is essential to the Service's ability to help revitalize communities and main streets across America. These grants help to establish preservation, recreation, and conservation ethics in urban areas, preserve historic properties worth saving, and ensure that the National Register of Historic Places is representative of the full spectrum of the Nation's cultural heritage.

Construction

The budget proposes \$138.3 million for Construction, reflecting increased fixed costs of \$401,000 and a net programmatic increase of \$1.5 million, for a total change of \$878,000 above 2014 levels.

Line item construction is requested at \$61.7 million, \$1.1 million above 2014. The request includes only the highest priority construction projects to address critical life, health, safety, resource protection, and emergency needs, and does not propose funding any new facility construction. The request funds 15 projects including the completion of the restoration of Elwha Dam at Olympic NP, phase three of the irrigation, drainage, and water collection system on the National Mall, and repairs to high visitor-use facilities such as the Ahwahnee Hotel at Yosemite NP and Alcatraz Cellhouse at Golden Gate NRA. Consistent with the Administration's Campaign to Cut Waste, the budget proposes funding for demolition and removal of unoccupied, excess structures at Cape Cod National Seashore and Appalachian National Scenic Trail. Additionally, the budget realigns \$1.0 million of funding for strategic planning and human resources functions within construction to the operations account.

Mandatory Request for LWCF

In addition to the major mandatory funding investment the budget is proposing for the Centennial Initiative, the budget includes a proposal for mandatory LWCF funding, of which \$192.2 million is proposed for the NPS. Of this amount, \$115.2 million is for Federal land acquisition, including \$2.5 million for projects that specifically address recreational access and \$5.0 million for American Battlefield Protection Program land acquisition grants. The new authority would provide a level of stability to address the significant acreage that has been identified as endangered or important to the NPS mission, and would allow states to better plan their efforts from year to year. In 2015, funding would target an additional 33,000 acres in 18 parks and nine trails. The proposal includes \$52.0 million to be directed to the LWCF State Conservation Grants program and would support an additional 150 grants to states. This

proposal would also fund \$25.0 million for Urban Park and Recreation Recovery (UPARR) grants intended to rehabilitate existing indoor and outdoor recreation facilities in urban cities and counties that represent the most physically and economically distressed communities nationwide.

Government-wide Opportunity, Growth, and Security Initiative

As mentioned above, complementing the President's 2015 budget request is a separate Opportunity, Growth, and Security Initiative; a demonstration of investments to spur economic progress, promote opportunity and strengthen national security. The NPS would benefit from \$100.0 million in Second Century Infrastructure Investment projects funded via this initiative, plus an additional \$6 million that is not tied to the NPS Centennial to provide an infrastructure investment for the Historic Preservation Fund to expedite Federal permitting and get infrastructure projects off the ground.

Other pieces of the Opportunity, Growth, and Security Initiative also have the potential to benefit the NPS. Half of the multi-agency Centennial Land Management Investment Fund, or \$100.0 million, is funded via this initiative. Also, the NPS is included in a proposed \$140.0 million investment in Interior's research and development activities. This funding would support research and development efforts for ecosystem restoration and protection, water resources management, and species protection; and would complement the President's proposal for a Climate Change Resilience Fund.

Planning and Performance Integration

In formulating the 2015 budget request, the NPS used a variety of tools to incorporate performance results and other information into the decision-making process. These tools include the Budget Cost Projection Module, the Business Planning Initiative, and the NPS Scorecard, as well as continued program evaluations. These tools are used to develop a more consistent approach to integrating budget and performance across the NPS, as well as to support further accountability for budget performance integration at all levels of the organization.

Promoting Efficient Spending

In keeping with the spirit of the Administration's commitment to cutting waste in Federal Government spending, the Department continues to pursue an aggressive agenda to reduce administrative costs. Several years ago, the NPS began a servicewide process of strategically prioritizing those mission-critical items essential to each and every park and program. The NPS will continue to exercise strict controls on travel costs and devise strategic alternatives to travel, optimize the number of IT devices, limit the publication and printing of hard copy documents by offering publications in electronic form, increase executive fleet efficiencies, and limit extraneous promotional items. The 2015 budget reflects the priorities of the NPS as the primary agency promoting both conservation and recreation for every citizen and visitor to enjoy.

Mr. Chairman, this concludes my summary of the 2015 budget request for the National Park Service. We would be pleased to answer any questions you or the other members of the subcommittee may have.



Biography
Jonathan B. Jarvis
Director
National Park Service

Jonathan B. Jarvis began his career with the National Park Service in 1976 as a seasonal interpreter in Washington, D.C. Today, he manages that agency whose mission is to preserve America's most treasured landscapes and cultural icons.

Jarvis's career has taken him from ranger to resource management specialist to park biologist to superintendent of parks such as Craters of the Moon, North Cascades, Wrangell-St. Elias, and Mount Rainier. Before being confirmed as the 18th Director of the National Park Service on September 24, 2009, Jarvis served as regional director of the bureau's Pacific West Region.

Today, he is responsible for overseeing an agency with more than 22,000 employees, a \$3 billion budget, and 401 national parks that attract more than 280 million visitors every year who generate \$30 billion in economic benefit across the nation.

The National Park Service brings the park idea to virtually every county in America. Grants from the Land and Water Conservation and Historic Preservation Fund help communities preserve local history and create close-to-home recreational opportunities. Since 1976, the Service's tax credit program has leveraged more than \$60 billion in private investment in historic preservation to help revitalize downtowns and neighborhoods across the country.

Jarvis has also reinvigorated the National Park Service's role as an international advocate for protected areas and recognized world leader in cultural and natural resource management.

Managing the National Park Service on the eve of its centennial in 2016, Jarvis has focused on several key areas that are critical for the future: enhancing stewardship of the places entrusted to the Service's care; maximizing the educational potential of parks and programs; engaging new generations and audiences, and ensuring the welfare and fulfillment of National Park Service employees.

Jarvis speaks frequently about climate change, sustainability, the outdoors as a source of public health, and the parks as a unifying, inspirational force for the nation. His blueprint for the agency's second century, *A Call to Action*, calls for innovative, ambitious, yet practical ways to fulfill the National Park Service's promise to America in the 21st century.

From a seasonal interpreter in the year of our nation's bicentennial to the head of an internationally known institution on the eve of its 100th birthday, Jarvis has gained a thorough knowledge of these great American treasures, the national parks.

"America's National Park System is a gift from past generations to this and succeeding generations," said Jarvis. "And while the challenges we face today – like climate change, shrinking open space, habitat destruction, non-native species, and air and water pollution – could not have been imagined when this agency was established in 1916, our mission remains the same: to preserve this nation's natural and cultural heritage, unimpaired for the enjoyment of this and future generations."



Biography
C. Bruce Sheaffer
Comptroller
National Park Service

C. Bruce Sheaffer, a native of Washington, D.C., became the first Comptroller of the National Park Service in 1987.

Mr. Sheaffer oversees all matters relating to the financial programs of the National Park Service. This includes formulating, justifying, and executing the National Park Service yearly budgets that are submitted to OMB and Congress, as well as controlling the accounting and financial reporting system for the Service. Mr. Sheaffer also serves as Chief Financial Officer for the NPS.

Mr. Sheaffer began his NPS career in 1971 as a program analyst in the WASO Program Coordination and Appraisal Division. His assignments involved special program reviews and studies, project evaluation, and program monitoring. In 1976, Mr. Sheaffer became the Chief of the Program Formulation Branch under the Director of the Office of Programming and Budget. This branch was responsible for all program and budget formulation strategies for the current and future year budgets. In 1978, all program and budget functions in the National Park Service were reorganized into a single Budget Division. Mr. Sheaffer assumed the position of deputy chief of the division as well as Chief of the Budget Formulation Branch. He was selected as the Budget Officer of the National Park Service in 1982.

In 1970, Mr. Sheaffer earned a Bachelor of Arts degree in Economics from High Point College in North Carolina and in 1977 he received a Masters degree in Public Financial Management and Budgeting from George Washington University in Washington, D.C.

Mr. CALVERT. I thank the gentleman. In the interest of allowing Chairman Simpson to start his Energy and Water Committee, I am going to recognize him for the first round of questions.

Mr. SIMPSON. Thank you, Chairman, and I appreciate that courtesy from you.

I appreciated your testimony. I appreciated our conversation the other day. Just for the record, what is the first unit of the national parks?

Mr. JARVIS. Yellowstone.

Mr. SIMPSON. Thank you. I just like to throw that out there for everyone to know.

Mr. JARVIS. There is some debate between California and——

NATIONAL MALL RESTORATION

Mr. SIMPSON. I know, but that was a State thing. That is okay. Every time I go to Yellowstone, I say man, this is the most unique and beautiful park, and I go to Glacier and say no, this one is, and then I go to Yosemite and say no, this one is. They are beautiful places, and you have a great responsibility trusted with these jewels of America, so I appreciate the job that you do. I am concerned. I spoke with you the other day about the backlog in maintenance that we have to do. About half of that is in roads and in other systems that need to be addressed, and it is something that we need to start looking at.

This is not so much a question but a statement that I hope is heard beyond the walls of this room. We are putting hundreds of millions of dollars into fixing up America's front yard. That is the National Mall. We are replanting the grass. We are actually putting in sprinkler systems. Imagine that. Things that we can actually maintain. A large complaint I hear from people from Idaho that come out here and see the Chamber of Commerce pictures of the Mall and then walk down it, or have in the past, and come into my office and say gee, why do you guys not maintain that thing? You have crabgrass going all the way down the Mall and it is, you know, rock hard.

We are putting money into saving that. There are no sacrifice zones on the National Mall. We love the National Mall to death, unfortunately. There are a lot of activities, and everybody wants to do them on the National Mall. We can't overuse it. We have to be responsible for it, and while there are a lot of activities that I support that are important and that people love, we have to take care of this place. I am not going to be a part of spending millions and millions of dollars to restore this only to see it sacrificed 20 years from now knowing that we have not achieved what we are trying to achieve. So I want to work with the Chairman and Mr. Moran to try to solve the challenges that we have with other organizations that want to use the Mall, because historically they have done it. We all know who we are talking about, and it is not just the Smithsonian. There are a lot of other organizations that use the Mall too. We have to be more thoughtful in how we preserve that Mall because it would be a shame not to protect the investment that we put on there, and as I said, there are going to be no sacrifice zones on the Mall.

So I appreciate all the work you do. I do not really have a question for you except make sure that Yellowstone remains the number one premier park, because there is a sliver of it that goes through Idaho.

Mr. COLE. Will the gentleman yield?

Mr. SIMPSON. Sure.

Mr. COLE. I sit on the Smithsonian board. If you will work our appropriation, we are going to work with you on the Mall.

Mr. SIMPSON. Okay.

Mr. MORAN. If the gentleman would yield, I could not agree with him more for what it is worth, and in fact, we had a conversation almost identical yesterday afternoon. You are absolutely right, as far as I am concerned, and we are not going to spend \$30 million on that grass, for example, and then have it all killed for a one-time activity. So you are right on, and I appreciate you making that point, Mr. Simpson. And we like Yellowstone too but there are lots of other parks too.

Mr. SIMPSON. Thank you.

Mr. CALVERT. I will put in a little thing for Yosemite too. It is a good park.

Mr. Moran, you are recognized.

LAND AND WATER CONSERVATION FUND COMPETITIVE GRANTS

Mr. MORAN. Thank you very much, Mr. Chairman.

While you ought to have one of the best jobs in government, it certainly was not last year during the shutdown, Director Jarvis, and I know you underwent some real tough times, but the parks were a symbol of the government but it was a symbol that people had taken for granted, and when they were shut down, they thought holy smokes, well, we can't have this, and I think it underscored how much the American people love their national parks. It also underscored how important the work of the National Park Service is in maintaining them.

Mr. Simpson raised the same issue, and I am going to be more specific. The Smithsonian Folklife Festival, I think we are going to have to, Mr. Chairman, side with the Park Service in terms of the protection of this investment we have made in America's front lawn, if you will, and let you know that you are going to have our support in terms of making the tough decisions in terms of where they ought to be located, but we are not going to create the sacrificial areas on the Mall, not with how important it is and how much of an investment we made to make it presentable.

Let me ask you about the competitive grant program within the Land and Water Conservation program. Have you developed the grant criteria at all, and when do you expect that to start? Because I really do think having a competitive grant proposal is going to get more communities involved in land and water conservation.

Mr. JARVIS. Thank you for that question, and we really appreciate this Committee's support with this concept around having a component of the Land and Water Conservation Fund as a competitive grant program. It is something we have been wanting to have because we feel that an investment, particularly in the urban landscapes, is going to reap great benefits to communities, and by establishing a set of criteria by which it is an open competition

amongst all States and communities across the Nation, this is a perfect example. We have been working for about a year to develop criteria. We have been working with the State park systems, the NRPA and the State liaison officers around these kind of criteria as well, and our hope is to have grants out the door by this summer. We will be glad to come back and brief any of the Committee about the criteria that we have developed. It is very close to release.

HISTORIC PRESERVATION FUND COMPETITIVE GRANTS

Mr. MORAN. Good. I am glad to hear that.

We also have another competitive grant program that is targeted at underrepresented communities on the National Register of Historic Places. You requested \$3 million last year, but now this year you are only requesting half a million. I doubt the need has changed. Do you want to just explain why that kind of measly little sum? I have a suspicion.

Mr. JARVIS. No, the need certainly has not changed. As we have testified in the past, if you look at the National Register, which is over 70,000 sites across the Nation that are owned privately and publicly, they really in total represent only less than 10 percent of minorities and women in this country, so we feel an investment is incredibly important to draw these out. We have a number of initiatives in this area that will complement this \$500,000 in working with the States that are independent of this. We have launched an American Latino Initiative, we have launched an Asian American-Pacific Islander Initiative, and we have launched a Women's Initiative in the last year or so to identify sites around the Nation. With this grant funding we can seed the actual development of the proposals through the State historic preservation officers to get these to roll out, so that is our goal, and we have a group already that we have developed. For instance, for the National Historic Landmarks program, we have the murals of Diego Rivera in Detroit, which are fantastic, a story of the auto industry, that were painted by American Latino artists. So that is the concept that we are trying to do here.

NEW UNITS, ANTIQUITIES ACT

Mr. MORAN. Well, you did not really answer the question why you are only asking for half a million, but we can reach our own conclusions.

Just one last thing. You added some new units to the National Park Service. Fort Monroe, Cesar Chavez, Harriet Tubman, you mentioned those. I wanted to say that what I know about the Fort Monroe designation as a national monument under the Antiquities Act, boy, that worked well because it got the State involved, it got the localities involved, it got the private sector and leveraged a lot of money. It was really a terrific example of collaboration and protecting national treasures with everyone having a role. I wanted to thank you for your kind role of spearheading that, and I assume it occurred with the other two units that I am less familiar. Is there anything you want to say about the national monuments designation?

Mr. JARVIS. Well, we did have the opportunity to use the President's power under the Antiquities Act to designate Fort Monroe, Harriet Tubman, Charles Young, Cesar Chavez and First State National Monuments, all adding to the National Park Service's responsibilities, but we very carefully crafted them in such a manner to not take on large operational costs. Fort Monroe is a perfect example of a partnership park with the redevelopment authority and the Commonwealth of Virginia, where we narrowed on what we wanted and felt that this was sort of the perfect example to tell the story of Fort Monroe, the contraband decision and the book-ins and the beginning and end of slavery. Also, these sites are intentional in that they represent, much like the national register program, the story of all Americans, and obviously Harriet Tubman, who led the Underground Railroad and network to freedom, and Colonel Charles Young, the leader of the Buffalo Soldiers, Cesar Chavez, the American farm workers movement, all of these are incredibly important stories and the Antiquities Act allowed us to capture just a little piece of that and make them a part of the system.

Mr. MORAN. Good for you. Thanks, Mr. Chairman.

NATIONAL MALL CONCESSIONS

Mr. CALVERT. Thank you. Since we were talking about the National Mall, I think I will just continue on that for a second and then get back to my original questions.

One of the ideas that is being discussed for additional non-federal revenue is for our parks to review and make changes to the concession operations at the national parks, and as you know, the trust for the National Mall is a nonprofit providing support for the future of the National Mall, has evaluated current concession operations on the Mall and I understand is working closely with you and the Park Service to increase revenues, improve the quality of the visitor experience and providing additional options for food, guests, restrooms, facilities that are needed in the Mall, and the trust proposes to increase the revenue from these concessions and invest that revenue into long-term improvements and continuing maintenance of the Mall, and I think that is what Mr. Simpson was referring to. If you maintain the Mall all year long, 365 days a year, a lot of the problems that we have experienced in the past would not be experienced in the future.

So I guess the question is, with the present status of the ongoing dialog with the trust over concession services on the Mall, do you expect to come to a timely agreement in the future, and how much annual revenue is being brought in by concessions on the National Park and how do you believe an agreement with a trust will affect future concessions?

Mr. JARVIS. Thank you for that question. Absolutely, we are pleased to have a partnership with the Trust for the National Mall, who brings both initially their philanthropic support to our work on the National Mall. We completed a management plan for the Mall just a year or so ago that really directs us to reinvest in all kinds of components, and you have seen some of it already, and thanks to this Committee, the sea wall at the Jefferson Memorial, the reflecting pool at the Lincoln Memorial, really making these far more sustainable. The next major project besides repairing each of

the panels on America's front lawn is Constitution Gardens. It is an area that really has never been sort of developed in a way that it can be the kind of urban park that it really deserves here on the National Mall, including the potential for a really nice restaurant. There was always the concept of a restaurant at Constitution Gardens.

So the concept with working with the Trust is to create a revenue stream for them that would be reinvested directly into the Mall. We have other models of that around the system, and so this would be an opportunity where you have a combination of both philanthropy and a leverage opportunity out of revenues. I do not know exactly what the current revenues are out of the Mall because it is a combination contract. The current concession contract has everything from the marinas to things on the George Washington Parkway, so we are in the process of working to sort of break that up and then create an opportunity for a revenue stream out of the Mall operations that would be turned back. It is an old contract, and we are working with the Trust. We are working with the authorizers because it would take some change to make that happen.

NATIONAL PARK SERVICE FUNDING AND OPERATIONS

Mr. CALVERT. As we discussed recently, getting a fiscal year 2014 appropriations bill completed has made a big difference in the National Park Service. One of our goals, our Subcommittee's goals, in which we were ultimately successful was to reverse the detrimental effects of sequestration and restore funding for your operation accounts to the fiscal year 2012 levels, as I mentioned in my opening statement. What are the practical effects in terms of staffing, park maintenance, overall visitor experience of restoring that funding to the 2012 level?

Mr. JARVIS. Well, thank you for doing that. Sequestration is a particularly difficult challenge for the National Park Service, so having worked for the Park Service for almost 40 years and having been a park superintendent, I know exactly what that feels like. A typical park, if they have managed their funding provided by the Congress well, might have somewhere between 85 to 90 percent, somewhere in that neighborhood, fixed costs on an annual basis. That is salary, utilities, fleet, fuel, all of those components, that sort of money that is going to go out the door to run basic operations. So you might have 10 percent, and some parks have less than 5 percent of what we would call discretionary funds on an annual basis, and that is your seasonal workforce. Your entire seasonal workforce comes out of that discretionary money, and that is the frontline rangers that are there to meet and greet the public, to provide search and rescue, to do firefighting, all of that, because the permanent work staff tends to be much more of a skeleton crew.

So that seasonal workforce was hammered by the 5 percent across the board because, in the Congressional budget justification, every park is a line in the budget. So I do not have the discretion to take 5 percent out of one account. It hit every park in the system at 5 percent whether it was Whitman Mission or Yellowstone, and they had to absorb that. So you saw reductions in hours of oper-

ation, you saw a significant reduction in the seasonal workforce, our ability to host programs, evening walks and talks, all of the kind of stuff that is sort of bread and butter to the national park system. So restoring that, and in the 2015 budget, restoring fixed costs, the fixed cost increase, which is \$16 million, in this budget is an incredible reestablishment of our ability to do basic operations in the parks.

Mr. CALVERT. Ms. McCollum.

CENTENNIAL OF THE NATIONAL PARK SERVICE

Ms. MCCOLLUM. Thank you, Mr. Chair.

I want to follow on the reduced budget a little bit and the effect on seasonal employees. When I spoke with some of the seasonal employees, especially at Voyageurs, a lot of them are also firefighters that are used by the Forest Service. It is a precarious income that they are living on to begin with, and the other thing that became abundantly clear is, many of these seasonal workers eventually hope when openings become available in the Park Service that they will be able to get them so they would gain some experience and some knowledge. So if you could elaborate a little more on why it is important we get the right balance of seasonal workers?

The other thing is, and I have not been to as many parks as I am going to get to, but all politics being local, I spend a little more time in Indian Run and on the St. Croix. So on the St. Croix Scenic River National Park, we have, I think, only one law enforcement officer for a whole stretch of park, which just gets inundated in the summer with people. I know that they are very concerned about bathroom facilities for people to use, and we have people that are pulling houseboats and boats up and camping in areas that they should not be.

Now, if this is happening here, I know it is happening in other places. I know it is not my park superintendent's choice and I know it is not your choice and other park superintendents. So I am very excited about what we are doing for the Centennial. With some of the Centennial improvement projects, do you think you are going to be able to significantly knock down some of the backlog?

Mr. JARVIS. I will start with the seasonal question first. We typically hire when we are more or less fully funded, somewhere around 9,000 seasonals a year, and that has declined over the recent years, and this budget will restore about half of that decline but not fully. The seasonals, they are our farm team for future employees in the park system, and many of our seasonals work multiple seasons for us, and over time gain significant skills, firefighting being one of those, and they get dispatched when there is a large fire. We work interagency on fire response and fire suppression, and we will get a call if there is a big fire in the West like the Rim Fire last year, and we will get a request for fire crews and line officers and the like throughout, and we draw from our seasonal workforce, absolutely. This country fights its fires with the land management employees and from BIA as well, and it is really important to have them, and to have them skilled and have them trained through multiple years of experience as well.

Law enforcement as well. As we gear up for our summer operations and we get hundreds of millions of visitors coming to our national parks, our law enforcement staff and rangers are incredibly important to provide safety, rescue. Our rangers do not just do law enforcement. They do emergency medical, they do firefighting, they do structural fire, all of those things. It is a little different than your typical urban law enforcement in most cities.

The second component here is that we do have a request in the budget for maintenance backlog at \$16 million. On the mandatory side, this is where the real bulk of the requests exist for maintenance backlog to take on these challenges of new restoratives or repair of our existing responsibilities. I think if you look in total at the request, the full request, which counting the mandatory and the component that is in the Opportunity, Growth, and Security Initiative, it is over \$600 million. That is a bigger figure of what the real need of the National Park Service is to address its backlog, to take on all these issues.

Mr. MORAN. But you did not ask for that money?

Mr. JARVIS. It is in here but it is not on the discretionary side.

INTERNATIONAL AFFAIRS

Ms. MCCOLLUM. Mr. Chairman, I have a little time left.

I want to talk about the international relationship that you have with international parks. The more I delve into some of the work that U.S. Fish and Wildlife does, the Park Service does, USGS does, and when I am traveling in Africa and in Latin America with some of our embassies, you are kind of the anchor. The embassy staff is rotating in and out. You are there. You are providing, soft power as well as some real expertise in some of these developing nations and protecting some of their natural resources, and in Africa in how to set up an economic engine of tourism. Could you tell me what missed opportunities we are having? Because I am very concerned about, when people start attacking your small travel budget, that means you are not bringing, people out in the field. Could you maybe elaborate a little more about if you had just a little more money or if there is any cuts, what it would impact on the international park program, which is very, very small but I think plays a very significant role in our national soft power influence.

Mr. JARVIS. Thank you for that question. The total International Affairs Office of the National Park Service is three employees, so we have three positions that provide services at the request of the State Department. We are frequently requested by the State Department to provide what they call soft diplomacy around the world and helping countries protect their history and their sites of conservation. The Park Service is the world-recognized leader in that, and we have provided consultation to Angkor Wat in Cambodia or to the fantastic park system in Costa Rica, and we are currently providing assistance to Colombia, Cambodia, South Korea, parts of Africa and others, but we do it on a shoestring, frankly. Generally they pay our travel for us to come and provide assistance, and we draw from our field staff. We have great expertise in the concessions and business opportunities because most countries do not have the kind of appropriated funding that we have in the United States for our national park system. Their park systems often

struggle so part of it is basic training for their employees and for the business side of their opportunities as well. But we host hundreds if not—well, I would not say thousands but hundreds and hundreds of delegations that come to the United States every year to see how we ran our national park system, from China, from all over the world.

We carry on with a very small operation but do provide great service and great representation for the country.

Ms. MCCOLLUM. Thank you, Mr. Chairman.

Mr. CALVERT. Thank you.

Mr. Stewart.

DEVELOPMENT NEAR NATIONAL PARKS

Mr. STEWART. Thank you, Mr. Chairman.

Mr. Jarvis, thanks for being here today. Thank you for your many years of service, and thanks for coming in and speaking with us.

You may not remember, we sparred a little bit last fall when we had a hearing on another committee that I used to sit on dealing with sequestration, which by the way, I think all of us would like to avoid another government shutdown, which was the primary focus of this, or at least that hearing, and we were exploring some of the implications on national parks and how many of us felt like that maybe it was a way to minimize the impacts on the American people because of the shutdown, and harkening back to that, again, I think you and I share goals there. We would like to avoid shutdown if possible. We would like to have more access to these national parks in the event of that, and I am sure you would agree with that.

I am from Utah. If you love to play outside, as I do—I love to climb, I love to hike, ski—I mean, there is no better place than my State. That is why I chose to live there, frankly. We have five national parks, six national forests, seven national monuments—some of them are huge—you know, a number of national recreation areas, historic sites, et cetera. You and I share a love for those types of things, and we appreciate your efforts to do that.

A comment which leads me to kind of a broad question I would appreciate your input on. About a year ago, I had kind of an interesting experience in my office. We received two pieces of correspondence in the same day from actually the same organization, the National Parks Conservation Association, and one of them was one of their newsletters where they were proud of the fact that they had stopped some oil and gas development that were within proximity to one of the national parks in my district, not very close. Honestly, I think some of these groups feel like if you can see development from the park, that is intrusive, but heavens, in the West, on a clear day you can see 120 miles sometimes, and on the same day we received this newsletter with them so proud that they had stopped this development, they also approached me and asked me to increase funding for the national parks, which led to an interesting conversation within our office regarding the apparent irony there.

What I would like to ask you is, do you have ideas or do you have a philosophy where we can bring these two what seem to be com-

peting interests and have some coalition around some goals that both would be served? You know, I think in some cases they consider again the proximity around these national parks as being de facto national parks. You cannot have any development at all there, whether it is in energy extraction or many other types of development as well. Share with us your thoughts on that, will you please, and how we can maybe reduce the conflict and have some community involvement and other team building on that?

Mr. JARVIS. Thank you for that question, and I think it is a great point. By the way, I just saw Utah's Mighty Five advertisement for the five national parks in Utah, and I was in Salt Lake last week and met with your State tourism director, and she indicated that Mighty Five tourism has been very effective and obviously a fantastic resource in Utah.

I think we have today the analytical tools through geographic information systems, Google mapping and others to strike the right balance about where energy development occurs as it relates to national parks. If you stand at the Island in the Sky at Canyonlands and you look across the Canyonlands, not all of that land is protected, right? Some of it is in the park, and some of it is in BLM and available for development. I think there is a public expectation, though, when they stand at that point, that incredibly awe-inspiring spot or if they are out in Arches and they are standing in one of the delicate arches that the viewshed is not totally compromised. There can be some things going on in there. What we have today is, I think, the analytical ability to look across that, and that is one of the things, the MLP, that is going on in Utah, the multiple leasing plan, that we are working directly with BLM to say if you are going to develop oil and gas in this particular area, there are ways to site and develop that minimize its impact visually for the park, and part of it is height of the structure, some of it is color, some of it is location, some of it is using geographic relief to tuck it behind a hillside, those kinds of things. So I think that is the model that we are looking for. It is not avoidance completely but it is how you do it.

Mr. STEWART. Yes, and of course, some people would not agree with you in the sense that any impediment on that view shed at all is unacceptable, and like I say, literally you can see hundreds of miles and, you know, the irony is, in another location we have a windmill farm, which I support, by the way, 370 or so of these wind turbines. Heavens, you can see those things forever.

Mr. JARVIS. They are tall.

Mr. STEWART. They are very tall, and there are, like I say, hundreds of them, and there is a much greater footprint by something like than there is with a little bit of oil and gas development. I am not saying they have to be one or the other, I am saying they are not incompatible, and we would appreciate your support and others in finding a solution, because I think there is a way we can find a solution that most people would agree with.

Mr. JARVIS. And I assure you that not in the public eye but in the hallways and meeting rooms of the Department of the Interior, this is what we do almost every day. There are meetings with the Bureau of Land Management, also with OMB about offshore wind, this Administration has been pursuing all of the above so there is

a lot of oil and gas and a lot of renewables, and we are at the table working with them with how we do both in terms of siting and minimize—because, there is a public expectation at these sites. You are right that you can see hundreds of miles, and distance does matter in terms of that viewshed, and I think we are working to achieve both.

Mr. STEWART. All right. Thank you.

Mr. CALVERT. Thank you.

Ms. Pingree.

ACADIA NATIONAL PARK CONCESSIONS

Ms. PINGREE. Thank you, Mr. Chair.

Thank you much for being here with us today, and I want to let you know how much I appreciate the great work you are doing and the vision you have incorporated into looking forward to the Centennial and engaging as many people as possible and understanding our national parks and upgrading them to be ready. I am very excited about all that you are doing, and I apologize that like so many of my colleagues, I have another meeting to rush off to and I will not be able to stay for all of your conversation with us today but I will submit a couple of things for the record, and I have had a chance to be updated with your staff about a variety of things.

Just two quick things I will throw out there. I know we have mentioned this before but I just want to put it on the record, on the issue of the concessioners representing Acadia National Park in my State who is going through a concession change this year, and there was certainly a lot of controversy around that and deep concerns about people in the local community about making this change. I understand and have had the opportunity to converse about this with you and some of your staff, and I do appreciate how important it is for the park service to upgrade their concession contracts to have the best possible value for our visitors and to yield the greatest return. The one concern that came up over and over in leaving a locally based concessioner for one that was not based in our state with deep concerns about loss of jobs, sales of local products, whether people will have similar relationships in very historic sites that we feel very protective of, having loved our park for almost 100 years.

So the only thing I want to have on the record as I have suggested to you when the opportunity comes up to review how we choose concessioners, that there might be some thought given to the significance of adding, you know, points or however it is looked at for continuity of quality or commitment to a variety of local products because of people's great interest in being able to buy local products or work with other local vendors, and seeing if that could be incorporated into future decision making. I totally respect, you know, again, the importance of having high-quality concessioners and the work that you are all doing to make sure that is done well, but I do not even need you to comment. I wanted to let you know that I am going to keep thinking about that, and I know our very vocal four-person delegation in the State of Maine is probably thinking about it all the time too, so I am not the only one.

NATIONAL REGISTER DIGITIZATION

Just a kind of another small maybe somewhat obscure point is, the Historic Preservation Fund impact on digitalization. Again, I will submit a little bit more information on this but Maine has 1,581 listings on the Register of Historic Places, 14 national natural landmarks and 43 national historic landmarks. Just last week, some of the Tribes in our State—we have four—received an award from the Tribal Historic Preservation Offices to help them preserve the stories of the Penobscot, Passamaquoddy and Micmacs. So much wonderful work has been done in our State using the Historic Preservation Fund and being able to digitize particularly photographs. The city of Portland recently did that and gave people an opportunity basically to open up a computer and visit the city back in 1924 and see the history of all that is gone on. I hope many of those same things can be done with this tribal grant. I know you are talking a lot about the celebration of the 100th year anniversary and, you know, how well you are using that in parks like Acadia, which is also going to celebrate at the same time, and what an important landmark that is.

But I just want to point out that it is the 50th anniversary of the National Historic Preservation Act, and I want to—while that may be obscure, it does touch a lot of people in a lot of ways. It allows us to preserve our history and gives people yet another way to come in contact with a tremendous amount of great work that you do.

So if you could give me a couple of thoughts on work with that, and it doesn't seem to be an area where there is sufficient funding or there is a funding focus, and I hate to have that disappear when we think about, you know, America's parks being the big places out West that we go visit even though the places out East are equally as fun.

Mr. JARVIS. Great question, and thank you for it, because I agree with you 100 percent. We are slowly pecking away at digitizing the records of the National Register. We have never been adequately funded on that but we basically have, one of those things from Raiders of the Lost Ark with a warehouse full of paper files of the National Register, which makes them unavailable to the American public. It is one of our Centennial projects, and it is also a project that we are seeking philanthropic funds for. We think it is actually a project that we can find some donors to help us complete the digitization of the National Register. If we were able to do that, you could actually do a GPS Google Map reference and you could actually design thematic tourism around specific types of theme sites, whether they are Native American, civil rights, women's rights, any of those kinds of things, and line them up and people can actually tour and see these incredible pieces of American history. Right now it is not available. They are all in paper files. So this is a great project. We will continue to peck away at it with our existing preparations but we do think it is a viable philanthropic project as well.

Ms. PINGREE. Great. Well, thanks for your interest, and thank you, Mr. Chairman.

Mr. CALVERT. Thank you. Amazon or Google would just be perfect for that, would they not?

Mr. Cole, you are recognized.

SUPPRESSION FUNDING PROPOSAL

Mr. COLE. Thank you very much, Mr. Chairman.

Director, good to see you again. I want to focus on a couple of areas that we had an opportunity to discuss but I think it would be helpful for the Committee.

First, we touched a little bit on the problem of wildfires, but I want to look at it from a budgetary standpoint because it really impacts our budget. Mr. Simpson, of course, has legislation to help try and get a handle on that. The Administration has a proposal. They are actually quite similar. Can you tell us what the impact of wildfires is on your budget?

Mr. JARVIS. It can be significant. The suppression costs are going up every year for a variety of reasons, you know, more development in the wildland-urban interface, the WUI lands, as we call them. There are more and more homes in those areas, which require a higher degree of suppression activities as well, plus the fires are burning more intensely and we are seeing fires even this year that look like summer fires in the Los Angeles area as well.

What happens is that fire suppression costs have to be absorbed and our accounts get swept frequently, so you have funds that you are intending to use for construction or operations that are sitting in an account and they need it. It just gets gathered up and it is gone into fire suppression responsibilities. So it really does curtail our ability to complete projects, to have sort of basic operations that are very unstable from an operational standpoint, but we have this routine that we do. We know our seasonality of our operations and, the public flows through the parks, and we line up a set of projects to complete, whether it is accessibility or construction or repair, rehab, and these things just get swept up as a result of the current model for funding of fire. So the proposal both with the Administration and from Mr. Simpson would help resolve that with going to the 70/30 kind of split. Bruce, do you have any details that you want to add to that?

Mr. SHEAFFER. You actually stated it very well. It has had in years past a direct effect not just in the borrowing but actually in one fiscal year resulted in a cut to our operating programs in order to come up with the shortfall. We have demonstrated that the current model simply does not work and is not the way, frankly from our perspective, emergencies can and should be handled, and it is not the way that we know of any other major issue like this being handled. So this is a wonderful proposal from our perspective, and we hope very much that—and I know that should it not be adopted, it is going to have a rather significant impact on our request for 2015.

Mr. COLE. I suspect frankly if it ever got to the Floor, I do not have any doubt it would pass with overwhelming bipartisan support, and that is something our colleagues on the authorizing committee need to consider. I bet every member on this Committee could tell you of some instance where they lost something that was important in the National Park Service or somebody was involved in that is under your jurisdiction, Mr. Chairman. I know in one case we lost a visitors center because—and it was legitimate. There

were fires out in the West and the money needed to be deferred. We never got it back, and it just disappeared, and that happens frequently, and I do not know how we can expect any of you to budget or, frankly, this Subcommittee to be able to think through consistently what to do until we get this structural fix, so I just want to use this opportunity to encourage in a bipartisan sense that the Administration and the Congress work together to resolve this issue so you guys can have some certainty in your budgeting and we can have some certainty on our side of the table.

Mr. CALVERT. Will the gentleman yield on that?

Mr. COLE. I will certainly yield.

Mr. CALVERT. And I would encourage you and I would encourage Chief Tidwell to talk to the Budget Committee folks on how we move forward on this. Both Mr. Cole and I serve on the Budget Committee. There is a difference of opinion between OMB and CBO of whether or not this is affecting the discretionary account. So we need to deal with that.

Those of us in the West believe that—as you know, 99 percent of fires are put out within the budget. It is the 1 percent of fires that are catastrophic. And most of us in the West have to experience this, and we believe that massive wildfires are as catastrophic as an earthquake or a hurricane or any other natural phenomenon. So we have a little educating to do.

With that, I yield back to the gentleman. Did the gentleman—

Mr. MORAN. Thank you.

My only question is actually how is the Budget Committee considering the proposal?

Mr. CALVERT. Well, we marked the budget up last night. We had some discussions about it. It was not addressed as an amendment yesterday. But I think there is a consensus growing that this has to be dealt with, and it cannot be dealt with as we have been budgeting in the past. You can't manage these accounts responsibly if we continue to react to this problem, so we need to deal with it.

Mr. MORAN. I do note that the gentleman is correct. There is bipartisan support for it. So, it should not be a partisan issue. Thank you.

TRIBAL PARTNERSHIPS

Mr. COLE. One additional question, one other area if I may, Mr. Chairman. I want to be specific but I want you to be general in your answer. I know we have a developing partnership on a national recreation area between the National Park Service and the Chickasaw Nation, which I think is a very good thing as they have demonstrated—that park was originally, the core of it was actually donated to the Federal Government by the Tribe to preserve it during a really difficult time in their history during the Dawes Commission when they were having their lands essentially taken away from them and individually divided up. They did not want this to fall into private hands. They wanted a government of some kind to protect it because the springs were sacred sites, and then the Federal Government has built this wonderful facility. I will not compare it to Yellowstone to offend the chairman but in our neck of the woods it is an awfully nice place and a very important area, and the Tribe in the county in which most of it sits is actually in-

vested a quarter of a billion dollars in a variety of facilities around it, everything from a cultural center to a restored hotel to a conference center and retreat that really make it work with the park at the head of the core.

So number one, I wanted to see how that relationship was developing, and number two, if you would give us your thoughts going forward because I know you have a number of these kind of things, and again, sometimes Tribes have the ability to come to the table with considerable resources and help as is the case with Chickasaw. Sometimes they do not, but it is still very important for them to have the opportunity to manage lands that were historically theirs and work in partnership, so if you could educate us and give us a little bit of idea of what you may need in the way of resources and/or authority.

Mr. JARVIS. Thank you. I think that the relationship at Chickasaw is improving and headed in the right direction with a lot of encouragement from our office and from the regional office that here is a fantastic partner with thousands of years of association with these lands and a deep sort of core stewardship values. That is, for me, across the United States in our national parks, the Native Americans in so many ways share this long view of these lands both from their historical perspective but also in the way they think about the future as well, and we have been encouraging increased deepening relationships with Tribes about joint stewardship. We mentioned to you the other day, we have a project in the south unit of the Badlands in terms of returning those lands to the Tribe and establishing the first tribal national park in the country. This has been done in other parts of the world, and we think this is a great idea here in the United States as well.

So this is something that I am highly interested in through my years of experience in working with Tribes, and I think this is a great opportunity to partner. Obviously there is a wide variety of tribal capacity out there. Canyon De Chelly is a unit of the national park system that is inside the Navajo Indian Reservation and has been a great partnership over the years where essentially they operate with our advice; and then there are other places where we are just beginning to build the capacity for the Tribes to actually do management. One of the areas we are working specifically in the Yellowstone system is to build tribal capacity to manage bison. We have excess bison coming out of the Yellowstone system and we want to build the tribal capacity to be able to take those and manage their own herds as well because they are so important culturally and to the Tribes, so that is another area that we are working on.

Mr. COLE. Just for the record, Mr. Chairman, I will end with this. It is a wonderful two-way street in the sense that I think the Tribes do bring a lot, as you say, with their historic associations quite often and an immensity of knowledge that really nobody else has, but at the same time, these endeavors in a managerial sense allow them to develop an enormous amount of human capacity themselves which then they can use for other things. There is nothing like the opportunity to manage frankly large enterprises, which these quite often are, and which frankly these populations often do not get that opportunity and it creates—I have seen this happen

in health care—it actually creates a human capital inside the tribe and allows them to sometimes divert that capital into other areas, and they can do something commercial. Again, they have trained people that are inside their tribal unit that have both credibility and authority. So it is a wonderful process. When it happened, it was an unintended byproduct in health care where Tribes had contracted that found all of a sudden they had a lot of people that were now joint venturing and running their own health care and have been for 35 years. Those people have then moved into commercial activities for us. They held out budgets, they held out funding. They know about capital requirements. They understand long-term planning. And so it has become a really tremendous asset. I think this could happen to other Tribes too that are again are starved, not just physical or financial capital but literally do not have the human capital that they could develop. It is not unlike the discussion that Ms. McCollum had with you on international parks. That exchange, that knowledge goes back and pays real dividends to the tribes. So I would really encourage you to continue down this line and expand it where you can. Thank you.

Thank you, Mr. Chairman.

Mr. CALVERT. Ms. Herrera Beutler.

PEARSON AIR MUSEUM, VANCOUVER NATIONAL HISTORIC SITE

Ms. HERRERA BEUTLER. Thank you, Mr. Chairman and Director Jarvis. I would be remiss if I did not mention the Pearson Air Museum at Fort Vancouver. As you both know, I have been really critical of the Park Service and how it handled this. I had hoped a lot of heartache could be avoided but I really would like to applaud you both and the Park Service. I feel like you and your staff in recent meetings with my office and throughout this process have really moved to the middle to find a solution, and I am grateful for your willingness to do that. It was a good-faith move, like I said, to come to the middle to find a compromise. So it is my sincere hope that the Park Service and the trust can come to a resolution on this and we can move forward and the community can move forward.

RIM FIRE

One of the things that had come up in a meeting, was fire suppression and managing resources. It will continue to be a hot topic, and I was really impressed with—so we talked about the Pacific Rim Fire yesterday here when we were talking with the Chief Forster and how you all were really able to protect the park—because of your practices and your management to really mitigate the impact on the actual park so the area around burned but the park actually did really well, and I was hoping you could speak to why that happened just a little bit.

Mr. JARVIS. Well, for a long time, many decades, the National Park Service has been investing in managing for fire, recognizing that fire is part of our system, and you can only—if you just put it out over and over and over again, you are just postponing the inevitable, and so these fire-dependent systems like in the Sierras have to burn at some point or else they have to have significant fuel reduction, and the combination of that is incredibly important

to us. And so in Yosemite in particular, Sequoia and others where we have some of our most critical assets and in Yosemite you have the Hetch Hetchy Reservoir, which is a critical water infrastructure for the city of San Francisco and then the giant sequoias and the old-growth forests, you really cannot just wait until fire comes. So we have been actively managing the watershed in lock units for a significant amount of time, both in terms of where there is development using wildland-urban interface funds to do fuel reduction, do removal of ladder fuels and pile burning, and then within the larger landscape using prescribed fire burning when we want it to burn, not necessarily when lightning strikes.

And as a result, you can significantly see this. I have seen all of the maps both pre and post in terms of the Rim Fire and how it moved through the forest and on lands. We were able to go up to the Tioga Road and backburn down to the fire and it resulted in really no significant impact within the park. It burned much more in a mosaic. We did not lose any of our old-growth big trees at all as a result of that fire, and the watershed for Hetch Hetchy Reservoir was also protected and it did not result in any significant impact to the water quality going into it, and that water is not treated. That water is not filtered, so what would go into that water was pretty important to the city, and again, that was protected, so that was the result.

Ms. HERRERA BEUTLER. That is great. Thank you.

Mr. MORAN. Would the gentleman mind explaining what does it mean to burn in a mosaic? I have asked everyone here, and they do not know.

Mr. JARVIS. What it means is that, if you have a very heavy fuel load in any forest, western or eastern, essentially the fire will just burn through and burn everything, but if you have a mixed fuel load so you have some open space, you have some areas that we would call a shaded fuel break so that the fuels on the ground have been removed through repeated prescribed fire, the fire will actually go around the fire, go around those areas, not burn through, and burn on the other side. And so what you wind up with is essentially a patchwork afterwards. Instead of the whole ecosystem burned completely, you wind up with a patchwork, and as a result, trees that persist in the patchwork are new seed sources. Wildlife persists within those. And the ecosystem essentially remains intact, and that is the way fires would have burned 150 years ago, but essentially because of suppression and because we have not had the funding to get in and do the kind of pre-work that is necessary, pre-suppression work, we now have forests throughout the country that are going to have sand replacing fires and will not burn in a mosaic.

FEDERAL LANDS RECREATION ENHANCEMENT ACT (FLREA) EXPIRATION

Mr. CALVERT. On that issue also, I mean, certainly harvesting in the national forests in the past, which has been obviously stopped to some degree in certain areas, also has an effect because as you point out, you remove those trees one way or the other. Either we are going to do it, or God is going to do it at some point in time. And if they do it responsibly, you have a good effect on a healthy forest.

Okay. One other question, and we have a defense hearing too that we need to go to, but the Park Service has authority to levy entrance fees under the Federal Lands Recreation Enhancement Act, FLREA. As you know, it expires at the end of this calendar year. Your 2015 budget request seeks to have the authority extended by one year. We know that that authority, which is also important to the Forest Service and other land management bureaus, is critical to providing revenue to the national parks and maintenance facilities. Are you working with the authorizing committees of jurisdiction on a long-term extension of this current authority, and if so, what is the status of those efforts, and what are the ramifications of FLREA is allowed to expire at the end of the year.

Mr. JARVIS. Thank you, Chairman. The fee program is incredibly important to the National Park Service for a variety of reasons. We collect about \$175 million annually. That is entrance fees and campground, what we call recreation fees, campground fees and the like, and that money is retained in the park system. Eighty percent is retained at the collecting park. And then we have a variety of parks that are not allowed to collect for a variety of reasons. Great Smoky Mountains, for instance, is prohibited from collecting entrance fees. So we have what we call our 20 percent parks, and those are the parks that do not collect fees, so 20 percent of the fee program goes to the non-collecting parks.

We specifically use the fee program principally for maintenance backlog, significant reinvestment into our facilities. Also, very high interest in accessibility, providing full accessibility across the system as well. So our fee program is incredibly important. We show the public your fee dollars at work, and we have always had a very positive response to the investment that we use with our fee program as well.

A couple things about the expiration of the FLREA authority. One would be an inability at all to collect fees. I mean, that is the base authority upon which we can collect fees. So if we lose complete authority, if the law expires, the second piece is 12 months prior to its expiration we can no longer sell the annual pass. So it is really important because the annual pass would be worth 12 months of getting into the parks. And so beginning of January of this coming year, if we do not have reauthorization of FLREA, then we will not be able to sell the America the Beautiful pass and that serves BLM, the National Park Service, the Fish and Wildlife Service, and the Forest Service as well.

PAYMENTS TO SCHOOL DISTRICTS NEAR YELLOWSTONE NATIONAL PARK

Mr. CALVERT. Certainly, we are going to work with you, I would suggest that if you meet with the authorizing committees and move that along, not that we do not do things outside of the appropriations process from time to time.

There is another question I want to submit for you to answer for the record. We have a number of questions to be submitted. But one of my colleagues, Montana's Congressman, Steve Daines, brought my attention to the issue of three school districts in Montana that are near Yellowstone National Park were notified by the Department of the Interior they are required to repay millions of

dollars in federal payments due to an oversight by current and past administrations, apparently overpayments issued to the school since 1977, since PILT was first enacted, so we will submit that question to you and a number of questions where we can get an answer for the record, and there will be some additional questions.

Thank you for coming here today. I am sorry there are hearings going on everywhere. We are all going in various directions. But we thank you for your time and for your service. Have a good day.

U.S. House of Representatives
Committee on Appropriations
Subcommittee on Interior, Environment, and Related Agencies
Budget Hearing: National Park Service
April 3, 2014
B-308 Rayburn HOB

Questions for the Record -- Director

Questions from Mr. Calvert

2016 Centennial of the National Park Service

We are now about two years away from an important milestone in the history of the National Park Service—a celebration of the Service’s Centennial in 2016. I understand the Service and its partners are gearing up for a year-long celebration.

Calvert Q1: As we approach the 100th anniversary of what Ken Burns called, “America’s best idea,” can you provide a glimpse into how the Park Service plans to celebrate this milestone anniversary? What is the Service doing from a public relations perspective? What is the cost of this effort and what role will the private sector have in supporting it?

Answer: The Centennial of the National Park Service in 2016 isn't just a moment in history; it is the beginning of a second century of stewardship and education, conservation and recreation. A centerpiece of the 2016 Centennial will be a broad public engagement campaign to reintroduce the national parks and the work of the National Park Service to a new generation of Americans. The two-year effort will begin in 2015 and run throughout the anniversary year. Plans for the campaign, entitled "Find Your Park," are underway in collaboration with the National Park Foundation (NPF), our Congressionally-chartered official nonprofit partner. The NPF is funding the campaign through donations; no appropriated funds will be spent.

To celebrate and to guide the agency into its next 100 years, the NPS is currently assessing more than 400 proposals for activities and events that will celebrate the Centennial, with the goal of identifying approximately ten that will be national in scale and scope, and will be tied to the public engagement campaign. The intent is to drive awareness, deepen engagement, and increase support for the national parks, the NPS, and partners.

The National Park Foundation has retained Grey New York to develop the multi-channel public engagement campaign which includes the creation of strategic partnerships with media, corporations, and talent. The campaign is currently in development but has already released the "Find Your Park" theme, two new graphic identities for the NPS and NPF highlighting the partnership, and new web pages kicking off a robust communications effort. The largest push of the campaign will begin in 2015.

To prepare for the Centennial, the 2015 Budget includes a robust Federal investment. Overall the Centennial initiative, including discretionary, mandatory, and Opportunity, Growth, and

Security Initiative resources, will allow NPS to ensure that 1,700 or 20 percent of the highest priority park assets are restored to good condition. The effort creates thousands of jobs over three years, provides over 10,000 work and training opportunities to young people, and engages more than 265,000 volunteers in support of public lands.

Funding for the Centennial Initiative

Your fiscal year 2015 budget request includes an ambitious initiative to fund the Park Service Centennial within both discretionary funds (through the appropriations process) and mandatory funds (through future authorizing legislation). The discretionary piece of the Centennial Initiatives is a proposed \$40 million increase to the Park Service Operations account. Of the \$40 million requested, \$10 million is proposed for the so-called "Centennial Challenge" to leverage public/private partnerships through a 50:50 matching program to target funds at high priority programs and projects. If I remember correctly, this is similar to a cost-share program within the Park Service developed during the Bush Administration. In fiscal years 2008 and 2010, this Committee provided \$25M and \$15M respectively for a similar matching program.

Calvert Q2: Can you provide a brief explanation of how the \$40 million increase for operations would be applied to Centennial initiatives? Are you able to prioritize how funding would be spent if the Committee is only able to support a portion of this requested funding?

Answer: The President's request includes a discretionary increase of \$40.0 million to prepare for and celebrate the Centennial, comprised of \$30.0 million for operations to support an expected influx of visitors during the 2016 Centennial celebrations and to provide a stronger foundation for visitor services and infrastructure investments in its second century of preserving the parks for on-going usage and the future enjoyment of visitors. Of the \$30.0 million increase for operations, \$4.0 million would support 21st Century Conservation Service Corps youth work opportunities to educate and engage the next generation; \$2.0 million would support volunteer opportunities for young people to expand the capacity of the NPS to manage volunteers in parks; \$8.0 million in competitively managed funds would support enhanced visitor services in the areas of interpretation and education, law enforcement and protection, and facility operations; and \$16.0 million would support improvement in the condition of high-priority park assets, such as visitor use facilities, historic structures, and trails. Across these Centennial increases, the budget provides an \$8.0 million increase for youth engagement and employment opportunities, and continues the NPS' efforts to attract qualified veteran candidates to fill Federal positions.

Also, \$10.0 million of the \$40.0 million discretionary request is for the Centennial Challenge program, which would leverage federal funds with partner donations for signature projects and programs at national parks. Preference would be given to projects that have a clear and immediate visitor benefit as well as a higher partner match. The Challenge will require at least a one for one match from non-federal entities, with some projects leveraging more.

Outside the \$40 million for the Centennial but vital to the success of park operations, the request also includes \$16.6 million to fully fund fixed costs, without requiring an offsetting reduction to park base operations. Full funding of fixed costs is critical to ensuring the stability of park operations on an annual basis, and in particular as parks prepare for the Centennial.

Calvert Q3: Is the \$10 million Centennial Challenge matching program proposed in your FY 15 budget a continuation of the same program funded several years ago? What did the Park Service accomplish with the prior centennial funding? Did that program meet your expectations, and were you able to meet your matching goals?

Answer: The Centennial Challenge proposed in the FY 2015 budget is a continuation of the Centennial Challenge program funded in FY 2008 and FY 2010. This program received federal funds of \$39.6 million during those years; NPS leveraged that into more than \$48.9 million in partner donations, for a total benefit of \$88.3 million. Funds supported more than 140 projects, all of which met the minimum for a one to one match, and in some cases, partners provided a three to one match. Completed projects include infrastructure such as rehabilitating the underground Franklin Court Museum at Independence NHP; constructing an urban waterfront park in Washington, DC; and rehabilitating Yosemite NP's iconic Wawona Tunnel View overlook. Non-infrastructure projects include outdoor recreation programs and residential camps targeted at urban communities near Cuyahoga Valley NP.

Calvert Q4: Do you think your Park Service partners are equally able to raise or match funds now? Can you briefly outline what kinds of projects would be funded and how you would prioritize projects?

Answer: As the NPS approaches its Centennial in 2016, garnering partner support will be instrumental in preparing parks for increased attention and visitation. Numerous NPS partners have expressed interest in partner-match projects. Potential donors range from large non-profits such as the National Park Foundation or Yosemite Conservancy to small community groups such as the Latin American Youth Center. Potential projects include both infrastructure and non-infrastructure, and would all have the minimum 1:1 non-federal match. Preference would be given to projects with a higher partner match and which have a clear and immediate visitor benefit, whether that be rehabilitating a trail or providing an educational program to urban youth.

Recently, a private philanthropist matched a \$7.5 million appropriation to repair earthquake damage to the Washington Monument. The NPS is pursuing similar philanthropic donations from individuals and corporations as a part of its Centennial Campaign. The NPS feels the \$15.0 Million Washington Monument project and our experience with the Centennial Challenge funding in 2008 and 2010 indicate there is support within the fundraising community for NPS projects, and providing a federal match will increase donors' willingness to contribute to Centennial projects. Our partners are very diverse, and their ability to raise funds varies widely, but we feel we will be able to match our myriad Centennial efforts to an appropriate partner - or partners - as 2016 approaches and the Centennial Initiative gains momentum.

Calvert Q5: Your fiscal year 2015 budget request contains a total of \$1.4 billion in proposed mandatory funding over three years to address top priorities including the Centennial and deferred maintenance. The growing maintenance backlog within the Park Service, presently estimated to be about \$13 billion, remains particularly challenging to address in a meaningful way. The proposed multi-year investment in the deferred maintenance backlog on the surface sounds promising but I understand that the vast majority of that investment requires legislation. I

note with interest that your most ambitious funding proposals are through changes to mandatory accounts which would be considered by the authorizing committees of jurisdiction rather than this subcommittee.

Why is so much of your request, especially for top priorities such as deferred maintenance and the Centennial, made through changes to the mandatory accounts? Are you planning to submit legislative proposals to the authorizers?

Answer: The FY 2015 President's budget request for the NPS presents an innovative, multi-pronged approach to support the Centennial Initiative and address the deferred maintenance backlog. Increases are requested in the NPS discretionary request, through mandatory proposals in the NPS and DOI requests, and in the Administration's Opportunity, Growth, and Security Initiative.

Mandatory funding to address the deferred maintenance backlog would allow the NPS to be more efficient and effective in project programming and execution. Stable funding streams would result in projects that are appropriately scheduled for effective project delivery and completion from a capital investment standpoint. Additionally, the mandatory Centennial Challenge program will support signature projects at many more park units during the Centennial and into the NPS' second century.

The budget also requests re-authorization of the Federal Lands Recreation Enhancement Act through the end of FY 2015, as a short-term alternative while also seeking a more permanent resolution through the authorizing process. This program provides more than \$175 million annually to support park projects with a direct visitor connection. The NPS looks forward to working with the authorizing and appropriations committees on these issues.

Calvert Q6: If Congress is unable to pass legislation to support this mandatory funding, how does the Park Service plan to deal with the scope of the backlog? How can Congress ensure that the backlog is realistically dealt with over the long-term?

Answer: As of the end of FY 2013, the deferred maintenance backlog stood at \$11.3 billion; nearly \$700 million annually is needed to keep this at a steady state. In FY 2014, the NPS will direct \$382 million toward deferred maintenance from a variety of fund sources, including repair and rehabilitation, line-item construction, recreation fee revenue, and funding available through the Department of Transportation, Federal Highways Administration. The NPS will continue to prioritize available funding to target the critical systems of the highest priority (mission-critical or mission-important) assets. This strategy will maintain a large number of important assets; however, over time deterioration of some assets that support park missions is expected.

Financial future of the National Park Service

Last year, you testified about discussions that had begun involving a cross-section of groups relating to providing supplemental funding to the Park Service. Ideas ranged from adding a "penny for parks" to the federal gas tax, to raising park entrance fees, to creating a "park legacy fund" using money from oil and gas revenues.

Calvert Q7: What is the status of these discussions? Do you anticipate these efforts will result in any concrete proposals? Does the Service remain an active participant in these discussions?

Answer: In July 2013, Director Jarvis testified before the Senate Committee on Energy and Natural Resources on a variety of ideas that have been proposed regarding ways the National Park Service could raise additional funds. As he noted at the time, the NPS is certainly open to new ideas, and the NPS appreciates the work of groups such as the Bipartisan Policy Center, the National Park Conservation Association, and the National Park Hospitality Association in identifying and promoting a wide range of supplementary funding strategies. The NPS has already embraced a number of opportunities to ensure that tax payers are compensated for the use of public resources through entrance fees, concession-generated franchise fees, and new models of public-private land management, and will continue to capitalize on these successes.

Of particular interest to the Senate Committee on Energy and Natural Resources, is how supplemental funding can help the NPS reduce its \$11.3 billion deferred maintenance backlog. Last year, the renewed Helium Stewardship Act of 2013 provided \$50 million over two years to address deferred maintenance projects. These funds will be matched dollar for dollar with non-federal sources. Two recent successes illustrate that donors will respond to a federal matching fund; first, the success of the Centennial Challenge program in FY 2008 and FY 2010, where the NPS was able to match \$39.6 million in federal appropriated funds with \$48.9 million in partner donations to accomplish more than 140 projects; second, the \$7.5 million the NPS received from a private philanthropist to match \$7.5 million in appropriated funds for Washington Monument earthquake repairs. These experiences informed the President's FY 2015 budget request for the National Park Service, which includes \$10.0 million in federal matching funds for the Centennial Challenge in discretionary funding, which will leverage partner donations for signature projects and programs at national parks in anticipation and support of the Centennial. Additionally, the budget includes a mandatory proposal for \$100.0 million annually for three years for the federal match of an expanded Centennial Challenge, supporting signature projects at many more park units during the centennial year and beyond.

The National Park Service is also continuing to explore many of the ideas related to fee structure and pricing. The House Committee on Natural Resources' Subcommittee on Public Lands and Environmental Regulation has held two recent hearings on the Federal Lands Recreation Enhancement Act, and has solicited input from the NPS and a wide spectrum of agencies and recreation groups. The Department of the Interior has expressed its strong support for the reauthorization of the Act, which provides federal agencies with the authority to collect fees, and will continue to work with Congress to explore opportunities.

Finally, there are a number of other proposals raised at the hearing that have practical, legal, and financial limitations, and the NPS is exploring them in a manner that is consistent with existing National Park Service policies, regulations, and laws. In addition, the NPS is supporting legislation to authorize commemorative coins celebrating the NPS Centennial.

The Mall/Smithsonian Folklife Festival

We understand from the Smithsonian that the Park Service is imposing new, strict policies regarding the use of the turf panels on the mall. The Smithsonian fears that these new policies will prevent them from holding their annual Folklife Festival in a manner consistent with previous years.

Calvert Q8: Have you been working with Smithsonian to find common ground and a suitable compromise? What factors does the Service consider it attempts to balance use and preservation on the National Mall?

Answer: Over \$30 million in appropriations have been invested to restore the National Mall to the condition that visitors expect to see when they come to D.C. Recent visitors have likely noticed the stark difference between the recently rehabilitated panels and those that have not yet been restored. The NPS has worked hard to communicate steadily and openly with its partners as it has undertaken this effort - especially partners who host large events on the Mall, such as the Smithsonian Institution.

In order to protect the recent investments, NPS has instituted policy changes to protect the new turf. Specifically, the NPS has curtailed practices that contributed to the compaction of the soil and the deterioration of the turf over the past few decades. The new management policies are complex, and the activities allowed on the grass vary depending on the time of year. In the height of summer, heavy equipment must be restricted on the turf panels during the set up and takedown of events. Structures like tent floors that block sunlight, air, and water from sitting on the grass for long periods of time must also be prohibited during summer months. The Folklife Festival traditionally involves both of these practices. However, the NPS worked with the Commission of Fine Arts and the National Capitol Planning Commission to expand the hardscape surfaces that bisect the Mall in order to offer alternatives to the turf for heavy equipment and tent platforms. The NPS has also offered to close Madison and Jefferson Avenues during certain summer events if necessary to offer even more hard surfaces. Visitors, of course, may continue to walk across the grass uninhibited and enjoy the beauty of the Mall at any time of year.

The NPS continues to meet with the Smithsonian Institution to try and find a configuration for the Folklife Festival that will conform to the new turf management policies.

Hurricane Sandy Supplemental Funding

Congress provided the Park Service with \$348 million in the Hurricane Sandy supplemental funding bill, much of that within the Construction account.

Calvert Q9: Can you provide us with any update with how much of these funds have been obligated and the progress made to date to address the devastation caused by Sandy? What's the present status of the affected park units? Are you attempting to open specific sites in time for your heavy summer season? What's the present status of the Statue of Liberty and Ellis Island and the timeline for repairs there?

Answer: As of March 31, 2014, NPS has obligated \$141.8 million, or 43 percent of the Hurricane Sandy Disaster Relief Appropriation available for construction. Of the \$47.5 million appropriated, post-sequestration, to the Historic Preservation Fund to provide grants to States to restore historic properties, more than \$45 million has been awarded to 12 States; NPS is working with Tribes to develop proposals for the remaining funding.

Most facilities will be open for the heavy summer season. The Riis Bathhouse at Gateway will remain closed for repairs during 2014 but the beach is open and food services will be provided by mobile vendors; the bathrooms and first aid stations are open. Similarly, Sandy Hook Beach Center will have food services available through mobile vendors. Great Kills Marina at Gateway will be partially open by Memorial Day with approximately 150 slips available (no power or water service). The marina will close by September 15, 2014, so reconstruction can continue and 250 slips with full water and power services will be available by summer 2015. All other facilities are open and operating.

The Statue of Liberty is open with all services. Ellis Island is open with limited services. The Great Hall is open but the elevator providing full accessibility will not be repaired until May. Ellis Island will continue to utilize temporary air conditioning for the summer season. Main food services have been moved outside. Full services will be available by summer 2015.

Everglades Restoration/Tamiami Trail Bridging Project

Last year, Congress provided \$7.5 million in planning and design funding for the bridging of a 2.6 mile segment of the Tamiami Trail, part of the long-term Everglades restoration effort. I understand that the estimated cost of the project is \$180 million and that the State of Florida made a commitment last year to match Federal funding—up to \$30 million a year over three years, or \$90 million total. Funding would be used to deconstruct a portion of the berm that Tamiami Trail road is currently built on and replace it with bridging so that water north of the road can flow into the Everglades. While there is funding for Everglades restoration efforts in your budget request, I note that funding for this bridging project is not in the fiscal year 2015 budget request before this subcommittee but would come from other Federal funding sources.

Calvert Q10: Can you provide the subcommittee with an update on the current status of the project? When will the next phase of construction begin? What is the proposed Federal government role in providing transportation funding in fiscal year 2015 and in the out years for this future bridging?

Answer: As noted in the question, the State of Florida, through the Florida Department of Transportation (FDOT), has committed to fund \$90.0 million toward the total cost of the project. Additionally, Congress provided \$7.5 million in FY 2014 to fund the Federal half of remaining design costs. The NPS Denver Service Center is working with an architectural and engineering firm to complete the pre-design documentation for this project. The NPS is considering plans to transition the project in October 2014 to FDOT and is presently working with FDOT on a cooperative agreement for the implementation of this project. Once the project is transitioned, FDOT will then advertise the project and award possibly as early as fall of 2014 or early in 2015.

If this aggressive schedule can be achieved, construction could be completed as early as November 2019.

The Tamiami Trail project is a high priority for NPS. The budget identifies the reauthorization of the Highway Trust as the source of the Federal funding for this project. The current authorization, Moving Ahead for Progress in the 21st Century Act (MAP-21), expires at the beginning of FY 2015. As part of the Administration's Department of Transportation surface transportation reauthorization proposal, the Administration is increasing funding levels for Department Federal Lands Transportation Programs, including proposing the creation of a Nationally Significant Federal Lands and Tribal Projects Program (NSFLTTP), which will provide needed construction or reconstruction of large, nationally-significant transportation infrastructure within or accessing Federal or tribal lands. Tamiami Trail bridging is an example of a project that will be eligible for these funds if the NSFLTTP is authorized by Congress. If the reauthorization process is not accomplished by the beginning of FY 2015 and the current MAP-21 authority is extended on a short-term basis, the NPS will evaluate the Federal Lands Transportation Program projects planned for 2015 and plans to defer up to \$30.0 million in projects in order to cover the cost of contract payments due.

Yellowstone Schools

Montana's Congressman, Steve Daines, has brought an important issue to my attention. Three school districts in Montana (Gardiner and West Yellowstone) near Yellowstone National Park were recently notified by the Department of the Interior that they are required to repay millions of dollars in Federal payments due to an oversight by current and past Administrations. Apparently, overpayments have been issued to these schools since 1977 when since PILT was first enacted. Yellowstone National Park was authorized by a 1948 law to issue payments to schools attended by children of Yellowstone National Park employees—amounting to an estimated \$300,000 a year. The Department of the Interior only recently discovered these Yellowstone school payments were not scored against PILT money received. Now that this error has been discovered, the Department is attempting to have these three school districts repay all of the funds received since 1977, amounting to an estimated \$8-10 million dollars. This hardly seems fair given that it took the Department 37 years to determine that these overpayments had occurred.

Calvert Q11: Can you shed some light on the current state of play between the Department and the school districts? Can this debt be waived, and if so, why is the Department of the Interior pursuing the debt repayment in the first place? Do you have a precise number for the overpayment that has occurred?

Answer: In 1948, Congress gave the Secretary of the Interior authority to make payments from Yellowstone National Park revenues to school districts that serve students that are children of Yellowstone employees residing on untaxed Federal land in or near the Park and for which payments in lieu of taxes were not made by the United States. In 1948, there was no payment in lieu of taxes program for Federal lands, though there were laws that provided for payments in lieu of taxes in specific situations. However, in 1976, Congress enacted the Payment In Lieu of Taxes Act (PILT), authorizing the Department to make payments in lieu of taxes to units of local

government based primarily on the number of acres of “entitlement land” located in the jurisdiction. Since the start of the PILT program, all lands within the national park system, including Yellowstone, have been considered entitlement land.

The United States made PILT payments in 1977 through 2013 for all land located in Yellowstone. The Park also continued to make payments from revenues during this time to school districts serving Yellowstone under the school payment authority. The statutory language is clear that these payments to school districts were not authorized, given that PILT payments were also made.

Under the Debt Collection Improvement Act of 1996 the Federal government must seek recovery of these overpayments from the school districts. The Department is currently validating the repayment figure, so there is not a final repayment amount available yet at this point.

There are several options available under current law to resolve the issue.

Questions from Mr. Joyce**Question on the benefit of National Parks in northeast Ohio**

Joyce Q1: Director Jarvis, A recent study came out stating the economic impact of your Service's sites on their local communities. In my District, Cuyahoga Valley National Park has a \$137 million impact on Northeast Ohio, and James A. Garfield National Historic Site has around a \$1M impact on the City of Mentor, Ohio. I believe we are in unison in saying that NPS sites are a worthwhile investment in the nation and the communities they serve.

What kind of additional resources do you need in order to continue to support all of your sites and the communities and constituencies they serve?

Answer: The FY 2015 request includes several increases for additional resources in key areas, including \$40.0 million in discretionary funding for the Centennial Initiative. Of this amount, \$30.0 million is requested for the Operation of the National Park System appropriation, of which \$4.0 million would support 21 CSC youth work opportunities to educate and engage the next generation; \$2.0 million would support volunteer opportunities for young people to expand the capacity of the NPS to manage volunteers in parks; \$8.0 million in competitively managed funds would support enhanced visitor services in the areas of interpretation and education, law enforcement and protection, and facility operations; and \$16.0 million would support improvement in the condition of high-priority park assets, such as visitor use facilities, historic structures, and trails. Across these Centennial increases, the budget provides an \$8.0 million increase for youth engagement and employment opportunities, and continues the NPS' efforts to attract qualified veteran candidates to fill Federal positions.

Also, \$10.0 million of the \$40.0 million discretionary request is for the Centennial Challenge program, which would leverage federal funds with partner donations for signature projects and programs at national parks. All Federal funds must be matched on a one to one basis.

The request also includes \$400.0 million annually over three years in mandatory proposals related to the Centennial, for a total of \$1.2 billion. This includes \$200.0 million each year for three years for Second Century Infrastructure Investment to address the deferred maintenance backlog on high priority assets, \$100.0 million each year for three years for the Centennial Challenge, and \$100.0 million each year for three years for the multi-agency competitive Centennial Land Management Investment Fund. The multi-agency funding will be awarded competitively to the Department of Agriculture's Forest Service and Interior's public lands bureaus, including but not limited to the NPS, for conservation and maintenance projects.

The Opportunity, Growth and Security Initiative includes \$100.0 million to complete high-priority deferred maintenance projects, and \$100.0 million for the multi-agency Centennial Land Management Investment Fund.

Overall, the Centennial initiative—including discretionary, mandatory, and Opportunity, Growth, and Security Initiative resources—would allow NPS to ensure that 1,700 or 20 percent of the highest priority park assets are restored to good condition. The effort creates thousands of

jobs over three years, provides over 10,000 work and training opportunities to young people, and engages more than 265,000 volunteers in support of public lands.

Finally, the request includes full funding of fixed costs at \$16.6 million. Fully funding fixed costs, without an offsetting reduction to park base operations, is critical to ensuring the stability of park operations on an annual basis.

As you mention, the NPS manages destinations which attract millions of visitors and as such, trip-related spending by NPS visitors generates and supports a considerable amount of economic activity within park gateway communities. In 2012, visitors spent \$14.7 billion in local gateway regions (communities within 60 miles of a park) and for every \$1 invested by the appropriations process; the NPS returns \$10 to the American economy. The contribution of this spending to the national economy was 243,000 jobs and \$9.3 billion in labor income.

Joyce Q2: As I previously mentioned, my district is home to the James A. Garfield National Park, who I'd like to point out was Chairman of our esteemed Appropriations Committee before being elected president in 1880. In our schools, we are seeing a necessary focus on reading and math, but civics education is declining.

What do you see as the role of sites like this in helping to pick up the load of teaching our nation's children (and their parents) US History and US Government?

Answer: Our national parks provide ideal settings to learn about history and civics as well as science and technology. Programs such as Parks as Classrooms promote innovative education programs that combine place-based education opportunities in park settings with classroom study. Teacher-Ranger-Teacher provides professional development for educators from K-12 schools to learn about National Park Service education resources and themes. Each teacher shadows NPS staff to learn about a park and also produces a major education project. What they learn as a ranger is then taken back to their classroom. Additionally, a new teacher website offers more than 1,200 lesson plans, 200 field trips, 90 traveling trunks, 60 distance learning opportunities, 16 teachers' institutes, 47 online galleries, and 100 teacher workshops. The site is a significant milestone in realizing the National Park Service's potential as a premier provider of place-based education. Through this website, we can share these places and the lessons they teach with those who are unable to visit in person. All NPS education programs strive to add value by helping teachers improve academic learning, meet required core curriculum standards, teach America's core values, and encourage active citizenship.

THURSDAY, APRIL 3, 2014.

**U.S. FISH AND WILDLIFE SERVICE FISCAL YEAR 2015
BUDGET REQUEST**

WITNESSES

**DAN ASHE, DIRECTOR
CHRIS NOLIN, BUDGET OFFICER**

OPENING REMARKS OF CHAIRMAN CALVERT

Mr. CALVERT. Good afternoon and welcome to the Subcommittee's hearing on the President's fiscal year 2015 budget for the U.S. Fish and Wildlife Service. I am pleased to welcome Dan Ashe, Director of the Fish and Wildlife Service; and Chris Nolin, the Service's budget officer.

The President's fiscal year 2015 budget proposal for Fish and Wildlife Service is roughly \$1.5 billion in current appropriations, which is \$49 million, or 3.4 percent above fiscal year 2014-enacted level. In any budget climate, that is a healthy increase and Director Ashe deserves credit for pushing it through the Department and OMB.

However, because of the Subcommittee's competing priorities outside the Department of the Interior, because of our bipartisan commitment to correcting disparities in Indian country and because this Subcommittee is viewed as the funding backstop for other must-do programs such as PILT and Wildland Fire, we view the Fish and Wildlife Service budget through a different lens than does the Department or OMB, and that is why I look forward to your testimony today and to working with you in the days ahead to enact a reasonable though likely smaller budget that better balances what appears to be competing administration and congressional priorities.

By far, the most pressing Fish and Wildlife Service issues in the district and in the State I represent, and I suspect a few other States at this table, have long centered around the Endangered Species Act regulation. In my view, the ESA is long overdue to be updated. Its single-species policies ignore the latest principles of ecosystem science and its inflexibilities regarding the allocation of scarce resources are dangerous at a time when society is coming to terms with major changes in the weather and climate. It is my sincere hope that proponents of the status quo will come to the table and work with Congress to update and improve and reauthorize the Endangered Species Act.

In the meantime, the Subcommittee must address the question of whether and how to continue to invest in implementing current ESA policy. Many of my colleagues and I still feel that the 2011 settlement agreements were a raw deal. The pace of ESA listings has clearly accelerated despite modest yet annual budget cuts since

2010 and it is further evidence that ESA listing activities are limited more by politics than by budget. It is an issue that this Subcommittee will be considering closely for fiscal year 2015, particularly in light of the service proposal to restructure its ESA budget.

In my opinion, the Service should put far more effort in prevention and recovery rather than new listings. This is why the proposed \$8 million cut to the State and Tribal Wildlife Grant Program is troubling. This program partners with states, tribes, and territories to conserve species so that the ESA listings are unnecessary. In the coming weeks, the Subcommittee will be looking for offsetting cuts to restore this funding, along with considering whether or how to focus the program on the candidate species named in the 2011 settlement agreement.

The Service's very public announcement that prevention and recovery shall be the National Fish Hatchery System's highest priorities, while recreational fishing shall be its lowest, has caused quite a stir. In addition to the \$3.6 billion economic benefit that the hatchery system provides, a return, as I understand, of \$26 for every \$1 invested, many would argue that recreational fishing is one of the best ways to help America's youth develop a love of the outdoors. In light of the Secretary's proposed Youth Initiative in fiscal year 2015, the Subcommittee will ensure that recreational fishing will continue to be a priority.

Again, though I would like to give Director Ashe his due credit, setting priorities guarantees controversy, which is why agencies frequently publish strategic plans so watered down that everything, and therefore nothing, is a priority. Though, what I would like to know is this: Why not set similar priorities for the rest of Fish and Wildlife Service? I think many Republicans would agree that preventing, recovering, and delisting species ought to be a higher priority. If the Service is going to try to hold the National Fish Hatchery System to that standard, why not hold the rest of the Fish and Wildlife Service to the same standard? It is a question that I know that the subcommittee will be considering in the coming days as it weighs its options in responding to the 2011 court settlements and the wave of ESA listings already underway.

In closing, I would just like to thank you, Director Ashe, for sending Ms. Jackie Kilroy up here on detail, once again confirming that the Subcommittee's finest detailees are supplied by the U.S. Fish and Wildlife Service. I wonder where that came from.

Mr. CALVERT. I am pleased to now yield to our distinguished ranking member, Mr. Moran, who is not here. How about Betty McCollum though?

Ms. MCCOLLUM. Mr. Chair, I am just realizing online I can get my fishing license but I am going to give you my full attention. You convinced me I have got to get my fishing license updated.

Mr. CALVERT. That is right.

Ms. MCCOLLUM. I am with you.

Mr. CALVERT. You fish without a license, you are in trouble. With that, Ms. McCollum, do you have any comments you want to make?

Ms. MCCOLLUM. No, Mr. Chair.

Mr. CALVERT. Okay. With that, I am pleased to invite Director Ashe to give his oral statement.

OPENING REMARKS OF DIRECTOR ASHE

Mr. ASHE. All right. Well, thank you, Mr. Chairman, and Members of the Subcommittee.

Today, we are at a key crossroad facing difficult and important decisions as we prepare, very soon really, to hand over stewardship of this planet to our children. So, as always, I will be pleased to answer your questions about the details in our budget and the way that we set priorities across the U.S. Fish and Wildlife Service. But I will use my remarks to hopefully give it a little bit of context.

Today, the context of our work in the conservation field is too often and really too aptly described using the word "crisis." The California drought is an example of a crisis for natural systems as well as for the millions of people who rely on them for water and economic security. To help find solutions, our people are working in crisis mode. Nights and weekends are indistinguishable from workdays to them.

Our budget includes a \$1.1 million increase to support the Bay Delta Conservation Plan, a piece of a long-term solution, but today we are all hands on deck working on the California drought. So even work as important as the BDCP yields to the urgency of this drought crisis.

And, Mr. Chairman, I believe you will see that our budget proposes additional field capacity that will help us deal with the urgent, but hopefully not neglect the important. Combined with booming energy and agriculture, economies are fueling unprecedented conversion of wetlands and grasslands in the prairie pot-holes which produce $\frac{2}{3}$ of the continent's waterfowl.

Great partners like Ducks Unlimited are calling this "the crisis on the prairies" but the effects will go far beyond the crisis. Waterfowl hunters spend annually about \$2 billion, and the difference between liberal and restrictive hunting season will literally mean the difference of hundreds of millions of dollars for local economies and small businesses.

We need to get ahead of this crisis curve now, today, and our budget proposes an increase in the price of the Duck Stamp, which all members of the conservation community support. Land and Water Conservation Fund projects for key refuge acquisitions in the Dakota grasslands and other places and funds for partners for Fish and Wildlife and the North American Wetlands Conservation Act are all key elements in addressing this crisis.

Whether it is cheatgrass across the West or white nose syndrome in bats, chytrid fungus in amphibians, quagga mussels in Lake Mead and Lake Tahoe, Burmese pythons in the Everglades, or Asian carp in the Ohio and Mississippi River systems and knocking at the door of the Great Lakes, invasive species are a scourge which present us with crisis after crisis. We need to get ahead and beyond this cycle. We need better science. We need more effective prevention. But in the meantime, we need to face these crises, and our budget contains important new funding to do this.

Wildlife poaching and trafficking is a global-scale crisis imperiling iconic wildlife and national security. African elephant and rhino poaching is an epidemic and syndicated trafficking is decimating these iconic species. The United States' leadership is cen-

tral and the U.S. Fish and Wildlife Service is the tip of our Nation's spear in this effort. Our budget contains a \$3 million increase to deal with this crisis.

And the litany goes on. We are seeing an emerging climate crisis. Scientists believe we are living amid the world's sixth great extinction crisis. Many people see crisis in an American population that is increasingly urban and increasingly disconnected from the outdoors.

Our budget contains funding for new science that will give us better understanding, and support better partnerships and sound decisions. It emphasizes capacities to support endangered species recovery, cooperative conservation, regulatory certainty, and expand our abilities to work with States, industry, agriculture, and other partners. I think as we demonstrated recently in our listing decision on the lesser prairie-chicken, it increases our efforts to engage America's young people, including an exciting new Urban Refuge Initiative.

Mr. Chairman, we work amid many crises but I believe I have given you a budget that allows us to face the urgency of crisis but also be optimistic that we are addressing what is important. And so I just want to thank you for your work on behalf of the American people, for the support that we have always felt from this subcommittee. I know you face difficult choices and I stand ready to answer your questions and help in any way that I can.

[The statement of Dan Ashe follows:]

**STATEMENT OF
DAN ASHE, DIRECTOR, U.S. FISH AND WILDLIFE SERVICE
BEFORE THE U.S. HOUSE OF REPRESENTATIVES
APPROPRIATIONS COMMITTEE, INTERIOR SUBCOMMITTEE,
REGARDING THE FISCAL YEAR 2015 BUDGET
APRIL 3, 2014**

Good morning Chairman Calvert, Ranking Member Moran, and Members of the Subcommittee. Thank you for the opportunity to testify before you today on the U.S. Fish and Wildlife Service's (Service) Fiscal Year 2015 budget request, and for the subcommittee's continued support of the Service's work.

As Americans, we want to protect our land, water and wildlife for our children and grandchildren, and provide places where citizens of all ages can enjoy and appreciate the outdoors. We want future generations to be able to go hunting, fishing, biking, camping, boating and to view wildlife. We want to pass on a sense of sportsmanship. We also want to preserve the benefits that nature can provide, such as clean water, pollinators to ensure our food supply, native plants to prevent erosion and control wildfires, and wetlands to reduce storm damage to coastal areas.

At the same time we recognize that life is about balance. We need the outdoors, but we also need places to work and live, we need places to shop and to make the products that we depend on.

The Service recognizes this balance, and is engaged in the pursuit of conservation for a growing economy and a growing population. We have proposed a budget that is strategically crafted to help us with this task.

The President's Fiscal Year 2015 discretionary budget request for the Service is designed to build on our national heritage of the outdoors, and construct solutions to tomorrow's challenges. It makes strategic investments to promote economic growth while conserving wildlife and their habitat. We support traditional values of sportsmanship and traditional ways of life on working landscapes. By doing so, we will also sustain the jobs and economic growth that these resources support,

while improving air and water quality and providing many other vital benefits for people across the nation.

The President's request supports \$1.5 billion in programs for the Service, an increase of \$48.8 million over the 2014 enacted level to fund the agency's high priority needs. The budget also anticipates at least \$1.3 billion will be available under permanent appropriations, most of which will be provided directly to States to support fish and wildlife conservation and outdoor recreation.

I'd like to take some time to highlight some of our key conservation priorities and explain how this budget request supports them.

Wildlife Trafficking

Wildlife trafficking has become a global crisis, imperiling both fragile ecosystems and regional security and stability. Decades of international efforts to protect and restore wildlife populations are at risk, as rising affluence in Asia and other parts of the world fuels increasing demand for wildlife products and drives prices steadily upward. The poaching of African elephants for ivory and rhinos for their horns has reached unprecedented levels in the modern era, and illegal trade is undermining the conservation of scores of other species. Elephant massacres have taken place in Chad, Cameroon, and the Central African Republic in the past year. Well-armed and organized criminal enterprises have taken advantage of insufficient protection in remote areas, destabilizing governments in several nations. We're rapidly reaching a tipping point, beyond which there is clear and substantial danger that not just elephants, but rhinos, tigers and other iconic species will vanish from the wild.

The United States leadership is vital to this struggle, as demonstrated by recent events. Since we crushed the United States' stock of seized illegal ivory last year, China and France have followed suit and destroyed illegal ivory. Hong Kong has also announced its intention to do so. The Service is requesting \$3.0 million in increases for its Law Enforcement and International Affairs programs as part of the Administration's new National Strategy for Combating Wildlife Trafficking. This strategy leverages resources and expertise across the federal government to crack

down on poaching and trafficking of hundreds of species. The Service will lead the strategy's implementation with the Departments of Justice and State, building on the foundation laid by the Service through decades of international conservation and law enforcement work.

Refuge System

The National Wildlife Refuge System, for which \$476.4 million is requested, an increase of \$4.2 million, is the cornerstone of the Service's efforts to conserve fish, wildlife and plants at a landscape scale. While every unit of the system provides important habitat for wildlife, they can also be a catalyst for larger, voluntary efforts to conserve important habitat on surrounding public and private lands. By working with partners, we can leverage available resources to benefit wildlife and keep working families on the land they've stewarded for generations. By using science to identify the right species and prioritizing the actions on the landscape that will have the greatest benefit for those species, we can provide greater benefits to a host of additional species, while providing clean air, water and other benefits to local communities. Rather than conserving species on a thousand isolated plots, we can work together to restore and protect larger blocks of connected habitat.

The newest units of the Refuge System reflect these priorities, representing locally-supported, partnership driven conservation efforts that respect and recognize the contributions of private landowners in conserving wildlife habitat at a landscape scale. The 2015 budget includes \$168.8 million for land acquisition for these important natural areas, funded through the Land and Water Conservation Fund. This includes \$55.0 million in current funding and \$113.8 million in proposed permanent funding, an overall increase of \$114.4 million above the 2014 enacted level. Funding would help acquire important natural areas in the California desert, the Dakota tallgrass prairie, Florida/Georgia Longleaf pine, and the Rappahanock, Silvio Conte and Bear River National Wildlife Refuges.

Expanded Outdoor Recreation Opportunities – While the Refuge System's benefits to wildlife are measured in many ways, refuges also play crucial roles in local communities across the Nation. By protecting wetlands, grasslands, forests, wilderness and other habitats, wildlife refuges improve air and water quality,

relieve flooding, improve soil quality and trap greenhouse gases. They are also major drivers of economic growth, especially in rural communities. Our latest survey indicates that yearly expenditures related to hunting, fishing and wildlife-related recreation are approximately \$145 billion. And our recent updated study “Banking on Nature” found that national wildlife refuges welcome 46.5 million visitors, create 35,000 jobs, and generate \$2.4 billion in sales and economic output each year. Wildlife refuges are a sound investment: for every \$1.00 Congress provides in funding for the Refuge System, nearly \$5.00 is generated in local economies.

This information highlights the importance of expanding our efforts to help Americans experience their wildlife refuges. We’re committed to expanding hunting, fishing, and outdoor recreation opportunities across the Refuge System, wherever it’s feasible and compatible with the mission and purposes of the refuge. More than 335 wildlife refuges now offer hunting opportunities, and more than 370 of the Refuge System’s 562 refuges provide fishing opportunities. We recently announced new hunting programs on six refuges and the expansion of existing hunting and fishing programs on 20 refuges. We’re also modifying existing regulations governing about 75 more refuges and Wildlife Management Districts, in order to provide new hunting and fishing opportunities. The President’s budget request includes an increase of \$649,000 for Refuge Law Enforcement for communication equipment to improve resource and visitor protection and support these expanded opportunities.

Engaging the Next Generation – As urbanization accelerates; many Americans find it increasingly difficult to experience nature. This has profound implications for the health and well-being of millions of people, especially our Nation’s youth. It also has profound implications for conservation in the future. Research shows that people who view nature as an abstraction are much less likely to understand and support conservation than those who have personally experienced the outdoors. And studies are finding that children who spend more time active in nature are physically healthier, cognitively more advanced, and suffer fewer emotional problems than children who aren’t afforded those opportunities. At least one wildlife refuge is within an hour’s drive of most major cities and more than 260 wildlife refuges are near smaller cities.

As a critical component of Secretary Jewell's strategy for youth engagement, the Service's budget includes \$13.5 million for youth programs. Within this request is a \$2.5 million increase for the Urban Wildlife Refuges Partnership, which will invite city dwellers to enjoy outdoor adventures by creating "stepping stones of engagement" to allow new audiences to connect easily with the outdoors. The Refuge System designated "Urban Wildlife Refuge Partnerships" in eight demographically and geographically varied cities in 2013. These partnerships will bring diverse organizations together to expand opportunities for urban families to experience the natural world. Additional partnerships will be established this year, supported by the President's budget request. Through this effort, the Service will partner with local communities and educational organizations, such as minority-serving colleges and universities, to offer opportunities for youth to explore science, technology, engineering and math careers by volunteering to support programs at urban wildlife refuges.

Improving our Understanding

In order to deliver the most effective and efficient conservation, our work must be focused on explicit, measureable conservation objectives that provide the greatest benefits to the broadest spectrum of species and habitats. This requires access to the best available scientific and technical information to provide our workforce with the tools to inform conservation decisions and actions. We will continue to support and develop shared science capabilities with our partners in national networks of Landscape Conservation Cooperatives and Climate Science Centers to understand and help manage for change on the landscape. These partnerships help advance our collective understanding of what is happening on the landscape, and provide a forum for partners to align their conservation work with that of other agencies and organizations to maximize its impact.

Our budget requests an increase of \$14.4 million for science-related activities. This funding will underwrite research designed to answer important questions, including how to better address White Nose Syndrome to help save endangered bats; whether barred owl removal improves conditions for spotted owls; and how to minimize effects of energy development and transmission projects on bald and

golden eagles, bats, and other species. The increase will also help us answer questions about changes in freshwater availability with shifts in precipitation patterns and the spread of wildlife diseases and invasive species.

Powering Our Future

The development of diversified energy sources, from renewable sources as well as fossil fuels, is a fundamental part of our nation's energy strategy. However, if placed at the wrong locations or designed improperly, energy projects can have significant negative impacts on fish, wildlife and their habitats. We continue to focus on landscape-level planning that anticipates and reduces impacts to migratory birds, bats and imperiled species at a population level, while giving us the ability to review projects faster and with more flexibility. The budget proposes \$16.7 million, an increase of \$2.5 million, for activities associated with energy development, including a program increase of \$1.1 million for the Ecological Services Planning and Consultation program to support review of renewable energy projects. An increase of \$1.4 million is proposed to analyze potential impacts of energy transmission in the American West and to identify strategies to mitigate negative impacts. The budget maintains funding for migratory bird conservation to help address the impact of development, particularly wind energy projects, on wildlife and wildlife habitat.

Threatened and Endangered Species

Cooperative Recovery – Approximately 380 species listed as threatened or endangered are found in or around units of the Refuge System. We cannot address the needs of these species without working cooperatively with our partners beyond refuge boundaries. Our Cooperative Recovery Initiative funds select proposals and leverages the resources of multiple Service programs to implement recovery actions for species near delisting, reclassification from endangered to threatened, and actions that are urgently needed for critically endangered species. Projects funded in 2013 focused on implementing recovery actions for 44 listed plant and animal species. This funding generates significant outcomes. For example, we proposed delisting for the Oregon chub last month due to efforts undertaken with

this funding. In FY 2015, the Service requests a total of \$7.7 million, an increase of \$1.8 million over the 2014 enacted level, for cooperative recovery. This increase will support this cross-programmatic partnership approach for planning, restoration, and management actions to recover species on and around National Wildlife Refuges.

Greater Sage Grouse – The Service has a legal obligation to determine whether to propose listing the greater sage grouse as a threatened or endangered species under the Endangered Species Act (ESA) by September 30, 2015. Our priority is always to cooperatively address the needs of imperiled species before they require the protection of the ESA. Federal and State land managers within the range of the greater sage grouse are engaged in an unprecedented level of conservation planning and delivery in an effort to improve the status of the species and reduce the threats in order to avoid the need for a listing. The budget requests a \$4.0 million increase to support conservation of the greater sage grouse across 11 western States. This increase will allow the Service to help Federal, State, and private parties to design, implement, and align conservation efforts to ensure they collectively meet the range-wide needs of the species. It will also help us to develop the scientific tools and information needed to inform our listing determination. Our partners are working to enroll significant numbers of landowners across the range of the greater sage grouse in candidate conservation agreements with assurances. Doing so requires a large staff investment by the Service to provide technical expertise to landowners considering enrollment. Conservation of greater sage grouse and its habitat will also support conservation of dozens of other species that share this landscape, while helping ensure the future of ranching and a developing energy economy central to western working landscapes.

Supporting the economic recovery - The Nation's economic recovery is bringing growth in business investment and consumer spending, which will increase demand for infrastructure, housing, and commercial construction. These new projects will bring more requests for Federal permits that certify compliance with environmental laws. Economic recovery also generates demand for supporting infrastructure such as roads, water supply control and flood protection. To support this predicted growth, the Service requests an increase of \$18.5 million to expand

the Service's capacity to provide timely technical assistance and environmental reviews. The increased funding will support water conservation in the San Francisco Bay and San Joaquin River delta, implementation of species recovery actions, and environmental contaminant analyses. The budget also includes funding to support delisting actions for recovered species thereby returning management responsibilities to State wildlife agencies – and by downlisting species that no longer meet the definition of endangered to provide additional management flexibility where warranted.

Fish and Aquatic Conservation

The budget includes \$48.6 million, an increase of \$2.1 million above the 2014 enacted level, for operations of the National Fish Hatchery System. The budget also includes an increase of \$4.4 million to allow the Service to focus on limiting the spread of invasive Asian carp in major watersheds that are highly likely to have habitat suitable for self-sustaining populations, such as the Great Lakes, and the Missouri, Ohio, and upper Mississippi Rivers.

At requested funding level for hatcheries, the Service will maintain all high priority and mitigation fish propagation programs. Funding is not sufficient to continue all other propagation programs at current levels, so the Service will need to adjust propagation programs and make modest reductions to some operations, in consultation with partners, to bring expenditures in line with available funding. Our decisions will be informed by input based on a comprehensive review of the Service's 70 active propagation hatcheries conducted in 2012 by a team of Service experts from across the country. The Service is using this report to engage partners and stakeholders, including State fish and wildlife agencies, Tribes, and local non-profits, in a discussion on major findings and recommendations. We will consider this input along with anticipated operating costs for existing propagation programs, the Report's findings and recommendations, and other factors to determine next steps. We will keep you informed as we work through this process.

Grant Programs

Meanwhile, the budget requests \$87.8 million for grant programs administered by

the Service that support America's Great Outdoors goals. This includes a request of \$50.0 million for State and Tribal Wildlife Grants. These grants provide important funding for aiding and improving our Nation's sensitive and imperiled species, and we continue to support our State fish and wildlife agencies in implementing these efforts. The budget request for the North American Wetlands Conservation Fund is \$34.1 million, equal to the 2014 level. Likewise, the request for the Neotropical Migratory Bird Grant Program is \$3.7 million, equal to the 2014 enacted level.

Legislative Proposals

The budget contains several legislative proposals that will advance conservation across the country.

Restoring the Purchasing Power of the Duck Stamp – Wetland landscapes, and the habitat they provide for waterfowl and other native species, are at risk across the country, as rising commodity prices fuel both increasing land prices and the conversion of small wetlands for crop production. This is especially true in the "Duck Factory" of the Prairie Pothole Region. The Federal Duck Stamp Program provides vital funding for land acquisition and protection in this region - the cradle of North America's waterfowl breeding habitat - and in other breeding, resting and wintering habitat nationwide. But the price of the Duck Stamp hasn't increased in more than two decades, and our ability to protect vital habitat continues to decline. The President's budget asks Congress to approve a much overdue increase in the price of the stamp. Raising the price of the stamp from \$15 to \$25 would enable us to protect an estimated 17,000 additional acres of waterfowl habitat every year.

This increase in the price of the Duck Stamp is needed to restore its purchasing power. The cost of the Duck Stamp has remained the same since 1991. The stamp would need to cost about \$25 today to have the same buying power that \$15 had in 1991. For example, in 1991, revenue from the Duck Stamp acquired 89,000 acres of habitat for the Refuge System at an average cost of \$306 an acre. In 2010, the Service was able to acquire significantly less habitat because land values had tripled to an average of \$1,091 an acre. Conserving waterfowl habitat makes good economic sense. Hunting, fishing and other wildlife-related activities provide

\$145 billion in economic activity each year. Increasing the price of the Duck Stamp is critical to ensuring migratory waterfowl populations thrive in the future and for maintaining our hunting tradition, a linchpin for the economies of many states.

Protecting the Nation's Wildlife Refuge Resources – The budget includes appropriations language to provide authority to recover compensation from responsible parties who injure or destroy Refuge resources. This authority is similar to that of the National Park Service and the National Oceanic and Atmospheric Administration and relieves the taxpayers from covering these losses. Currently, when someone runs a car into a building, spills toxic chemicals, vandalizes assets, or causes similar damage on a wildlife refuge, the Service is not able to seek compensation from the responsible party to repair or replace damaged resources. Instead the Service must go through an onerous process that may generate a fine that is sent to the general Treasury. This proposal will insure that natural resources will be available for future generations and requires that persons responsible for harm -- not taxpayers -- pay for any injury they cause.

Certification of Non-Toxic Shot – In addition, the Service is requesting authority to retain and utilize fees that are assessed for regulatory reviews of non-toxic shot used to hunt migratory birds.

Conclusion

We are at a pivotal time in history for ensuring conservation of fish and wildlife and plants while balancing the needs of communities across the Nation. The actions we take now will have repercussions for generations of Americans to follow. The native species and ecosystems of our planet support billions of people and help drive the world's economy. Despite the challenges we face, I am incredibly optimistic about the future. With the President's budget request we can help preserve the values Americans support, leave a legacy to our children and grandchildren, and sustain species and habitat. Thank you for your work on behalf of the American people, and for your support of the Fish and Wildlife Service. I am happy to answer any questions you may have.

Daniel M. Ashe

Daniel M. Ashe was confirmed on June 30, 2011 as the 16th Director of the U.S. Fish and Wildlife Service, the nation's principal Federal agency dedicated to the conservation of fish and wildlife and their habitats. His appointment by President Obama is the culmination of a lifetime spent within the Fish and Wildlife Service family.

Dan Ashe was born and spent his childhood in Atlanta, Georgia, where his father began his 37-year career with the Service. Much of Ashe's childhood was spent on national wildlife refuges and fish hatcheries in the Southeast, where he learned to band birds, fish, hunt and, most importantly, simply enjoy the outdoors.

Prior to his appointment as Director, Ashe served as the Service's Deputy Director for Policy beginning in 2009, where he provided strategic program direction and developed policy and guidance to support and promote program development and fulfill the Service mission.

Ashe also served as the Science Advisor to the Director of the Fish and Wildlife Service. Appointed to this position in March, 2003, he advised the Service Director and provided leadership on science policy and scientific applications to resource management. As Science Advisor, Ashe led an organizational renaissance for science and professionalism, leading the Service's efforts to respond to changes in the global climate system; shaping an agency agenda for change toward a science-driven, landscape conservation business model; defining an agency Code of Scientific and Professional Conduct; authoring new guidelines for scientific peer review and information quality; building state-of-the-art, electronic literature access for employees; and reinstituting internal scientific publication outlets. He was also responsible for leading efforts to build stronger relationships with the U.S. Geological Survey, and scientific professional societies.

From 1998 to 2003, Ashe served as the *Chief of the National Wildlife Refuge System*, directing operation and management of the 150 million-acre National Wildlife Refuge System, and the Service's land acquisition program. During his tenure as Chief, the Refuge System experienced an unprecedented and sustained period of budget increases for operations, maintenance, construction and land acquisition. The Refuge System also saw vastly expanded public visibility, and partner and community involvement. Ashe also led the Service's migratory bird management and North American wetlands conservation programs from 1998 to 2000, contributing to significant advances in both programs' impact and effectiveness.

From 1995 to 1998, Ashe served as the Fish and Wildlife Service's Assistant Director for External Affairs, where he directed the agency's programs in legislative, public, and Native American affairs, research coordination, and state grants-in-aid. During his tenure in this position, the Service restructured and broadened its communications programs and capacities, incorporating communications expertise into all of its program

areas and employee training. The agency implemented a forward vision for Congressional relations, which led to several groundbreaking legislative accomplishments, including enactment of the National Wildlife Refuge System Improvement Act.

From 1982 until 1995, Ashe was a Member of the Professional Staff of the former Committee on Merchant Marine and Fisheries, in the U.S. House of Representatives. In 13 years on Capitol Hill, Ashe served in several capacities, advising the Committee's Chairmen and Members on a wide range of environmental policy issues, including endangered species and biodiversity conservation, ocean and coastal resources protection, the National Wildlife Refuge System, the National Marine Sanctuaries Program, the Clean Water Act, wetlands conservation, fisheries management and conservation, and offshore oil and gas development.

Ashe's journey to the Nation's Capital was made possible by the National Sea Grant College Program, in 1982, when he was awarded a National Sea Grant Congressional Fellowship.

Ashe earned a graduate degree in Marine Affairs from the University of Washington, where he studied under a fellowship from the Jessie Smith Noyes Foundation. His Master's thesis, on estuarine wetland mitigation, was published in the Coastal Zone Management Journal, in 1982.

Ashe is very active in local civic affairs in Montgomery County, Maryland, where he and his family reside. He is an avid waterfowl hunter, angler and tennis player. Ashe's father, William (Bill) C. Ashe, also a career employee of the U.S. Fish and Wildlife Service, retired in 1990, and now resides in Harvard, Massachusetts.

CHRISTINE L. NOLIN

Chris Nolin, as Chief of the Division of the Budget for the US Fish and Wildlife Service (Service), leads the national level effort to prepare, justify and execute the Service's \$2.8 billion annual budget. Chris has been with the Service for 15 years; she formerly held leadership positions in the Ecological Services Program.

Before her time with the Service, Chris worked for the Office of Management and Budget (OMB), where she developed the President's budget for the Service and natural resource policy for the Executive Office of the President. She also served as the OMB examiner for the U.S. Forest Service.

Earlier in her career, Chris spent over ten years in state government, coordinating environmental issues for the central staff of the New York State Assembly, and handling environmental policy for the Lt. Governor of New York.

She is a graduate of Georgetown University Law Center, where she received a J.D. *magna cum laude*. She served on the Georgetown International Environmental Law Review.

She is married to Joe Tinkelman, a Managing Editor at BNA, Inc. and lives in Silver Spring, MD. She has two children: son Zack is a graduate of NYU's Tisch School of the Arts, and daughter Naomi is a freshman at Boston University.

Mr. CALVERT. I thank the gentleman for his statement. I am going to recognize Mr. Simpson.

INVASIVE SPECIES

Mr. SIMPSON. Thank you, Mr. Chairman. And I really do appreciate those courtesies and I will try to return them when he has a hearing when he is in the Energy and Water Committee. It is a difficult time when we have so many hearings at the same time trying to get them through.

But I have got to tell you, you brought up a very important issue. I know it is important to me, it is important to Representative McCollum and I think every member on this committee, and that is invasive species. And one of the problems that we have had looking at that whole area is what do we spend on invasive species? There is no line item for invasive species, and there are organizations that are trying to develop some legislation because their theory is or what they tell you is that about 80 percent of the money gets spent somewhere besides on the ground actually fighting invasive species. I do not know if that is true or not because there is no way to account for it. So we need to work together to come up with a plan so that we know what we are doing to attack these invasive species.

And I have got to tell you in all honesty I am not going to the Everglades to get rid of them pythons. They scare the hell out of me.

Mr. CALVERT. I am not afraid of snakes but I am afraid of those things.

IVORY BAN

Mr. SIMPSON. Yes, those are big babies.

A couple of questions. One you could probably anticipate, one maybe not. Let me ask the one that you will not anticipate to start with. Recently, you signed a director's order on ivory—

Mr. ASHE. Yes.

Mr. SIMPSON [continuing]. And have announced that three new regulations regarding ivory will be unveiled soon. It is my understanding that the United States has banned commercial importation of ivory for decades, so what we are talking about here is not restricting illegal commerce and endangered species but banning anyone from selling an item that contains any amount of ivory, including firearms, jewelry, musical instruments, and a myriad of other objects. All of us here at this table are opposed to poaching and want to protect African and Asian elephants. That is why it is hard to understand why Fish and Wildlife Service is going to ban all domestic ivory from future sales, ivory that might have been legal at the time when it was used. Would it not be better to use the appropriated dollars to go after the poachers and stopping the illicit trade in ivory?

Mr. ASHE. Thank you, Mr. Simpson. We are going to use the appropriated dollars to go after poachers, to work on demand reduction both here in the United States and in other countries to build our relationships worldwide, to do better law enforcement, to help our partners do better law enforcement, and to achieve better prosecution of traffickers globally. And so our priority will be to find

the people that are trafficking in these products and find them and prosecute them and to stop the killing on the ground by supporting community-based efforts in range state countries.

What we have to recognize is the U.S. is one of the world's largest markets for ivory, and so what has happened is we have a situation where legal trade in ivory is a smokescreen for illegal trade in ivory and you cannot distinguish ivory that is pre-Act from ivory that is not pre-Act. And so we have extensive trade. We cannot control it. You cannot distinguish between these commodities.

Things that are more than 100 years old and have immense value as an antique have a provenance. That is relatively easy to track and they will be exempt, but the kind of what I would call day-to-day commerce, if we are going to control this, it simply has to stop. And it is important for the U.S. to be a leader, because when we sit across the table with the Chinese Government on this issue, they look at us and they say we are allowing trade the same as you are allowing trade.

Mr. SIMPSON. Well, I appreciate that and I know what you are trying to do. I am concerned about making things illegal or valueless that had value when they were originally purchased and people have maintained them and held them for that purpose, and now we make them essentially valueless by this. So it is a concern that I have and I want to work with you on that.

Mr. ASHE. We will propose regulations probably in June.

Mr. SIMPSON. Okay.

Mr. ASHE. We will be proposing regulations for comment so we will be taking comments on that.

Mr. SIMPSON. I did notice when I was in Alexandria that we are going through some of the Homeland Security ports and they were taking some of these containers through the x-rays and stuff and we were trying to detect whether there was, you know, nuclear material and that kind of stuff in there, what they found mostly was ivory.

Mr. ASHE. Right. Yes.

Mr. SIMPSON. It is a big problem around this country.

The second question that you will understand I was going to ask about sage grouse.

Mr. ASHE. Right.

GREATER SAGE-GROUSE

Mr. SIMPSON. Where are we with sage grouse? We are rapidly approaching the September 2015 deadline to determine whether it warrants listing or not. I think we are all trying to prevent sage grouse listing by making sure that we protect habitat and so forth. What is the status of the Idaho-proposed State management plan? And I am hearing reports of the State that the local Fish and Wildlife officials and BLM officials agree that the State has put together a good plan, and I do not want to see a good agreement on the ground messed up when it gets back to Washington, D.C. Can you tell me where, we stand on that? And that kind of leads to my next question so you can answer them both at the same time.

States like Idaho put a lot of work into developing viable management plans. When this process began, then-Secretary Salazar welcomed the States to the table early on in the process and as-

serted that the State had a significant role to play in preventing the ESA listing. Unfortunately, they now feel that DOI and Fish and Wildlife Service have moved the goalposts and cut them out of the process. They have worked hard on state management plans that they now feel relegated to the public comment period instead of being treated like partners in the process. This is an issue that Governor Otter and I brought up when we met with you and Secretary Jewell and others about this issue last fall.

Mr. ASHE. I would say on greater sage grouse in general, the effort that is ongoing is substantive; it is impressive in its scope and the degree of commitment. We have 10 of the 11 range States working on comprehensive state-based plans for sage grouse. We have the BLM and the Forest Service, which control 50 percent of the habitat, working to revise 98 resource management plans.

We have the NRCS that has built a greater sage grouse initiative and has put nearly \$200 million on the ground to assist private landowners. So we really have an unprecedented scale of effort ongoing with the greater sage grouse. I am encouraged by that effort and it is important that the effort continue.

I would say with regard to the Idaho plan, we are happy with the Idaho plan and I think BLM gave special status to the Idaho plan. It is the only State that they gave the status of co-preferred alternative in their land management planning process. I think the Idaho plan is good. As we told the governor, I believe that they need to take one more step, which is to address private lands in the State plan. Their plan at this point looks at the State and Federal lands and it has to go that additional step. We are working with Idaho hand-in-glove.

On the criticism that we have cut them out of the process, I really do not understand that at all. I think we are working through and with the Western Governors Association. Secretary Salazar established the Sage Grouse Task Force. The governor of Wyoming and governor of Colorado are co-chairs. I attend every meeting. They meet every 2 months. Neil Kornze, Bureau of Land Management Principal Deputy Director, attends every meeting. The Forest Service is represented. The NRCS is represented. We are all at the table and have a robust dialogue and back-and-forth at those meetings. And so I believe they are integrally involved. They are at the table and completely engaged. I would say there are items on which we do not agree, but we have a process to work that out.

I would make one point about fire, which is an important issue before this committee. In the President's proposal to deal with the balance between suppression and prevention, prevention is going to be extremely important in addressing the sage grouse issue. The principal threat to sage grouse in the Great Basin region is fire. Being able to not be completely consumed by suppression but having the ability to focus on prevention and restoration and rehabilitation is a key aspect of addressing the threat to sage grouse in the Great Basin.

Mr. SIMPSON. Thank you, Director. Thank you, Chairman.

Mr. CALVERT. Thank you.

Ms. McCollum.

LACEY ACT

Ms. McCOLLUM. Thank you.

The two questions I am going to ask are kind of interconnected oddly enough, wildlife trafficking and invasive species, because I want you to talk about different sections of the Lacey Act. How long it has been since the Congress has worked to improve and enhance the Lacey Act to the challenges that we face today?

But to Mr. Simpson, Gabon, Kenya have destroyed their ivory piles. France is very proud that it was the first in Europe, although the royal family is going through everything that they have looking at what they are going to destroy, some things that they might just preserve out of sight for a while. Hong Kong is destroying ivory, Belgium is also, so the United States is only one of the countries to do it.

Attitudes are shifting in China in part because of what we have done. Chinese athletes are speaking out and speaking up about it in social media and starting to transform and change that. But China is the biggest looker-away about what is coming into their country. Some of the activities in Africa like roadwork and airports are good things they are trying to do. But after the Chinese have done those projects, environmentalists and zoologists will tell you there is not an animal left in sight. They come in with boxcars, which are repacked. No one looks at them again and out they go to the port. As you said, then some of them unfortunately are landing up in the U.S.

Ms. McCOLLUM. So could you maybe kind of fill us in a little bit about, what the wildlife trafficking picture looks like? The President put more money into this initiative, what U.S. Fish and Wildlife's role is in it. I know there are other government agencies that you will be working with on this, too.

And then, the python that are out in the Everglades, one of the reasons why they are indigenous and one of the reasons why they are here is because they were allowed to be sold as pets. There has been other problems with other releases in other countries, let alone deal with the pests that come in, whether it is, gypsy moth or some of the other things that we are dealing with that come in that were not brought in intentionally.

So the Lacey Act is kind of there to do a couple of different things. One, it is to enforce penalties for illegal trade of animals and plants. But as we move towards a more interconnected world, if we were writing that today, what might be some of the things that, we would be looking at that we should be working with you to improve the Act?

Mr. ASHE. Thank you. On trafficking, the most important thing to emphasize is the President's recent Executive Order. We now have an all-of-government approach here. I think as we move ahead, and as you and I spoke about the other day, we are being joined by the State Department and the Justice Department and the Treasury Department and the Defense Department. So the ability to apply an all-of-government approach to this trafficking crisis is key for us. I think that is important going forward.

With regard to the Lacey Act, it was written in 1900 when trade moved principally by steam locomotive. Today, products move rap-

idly around the globe on a 24-hour cycle. I think if we were writing the Lacey Act today, it would be much more geared to an approval process for products to come in, much more like we do with agricultural plants and pests that, may not come in unless you have approval. We have a lot of things in trade and probably what we are relegated to at this point is trying to control them.

This committee and all the appropriation committees have an interest in dealing with this because once invasive species are established, we have the burden of control, which is expensive, as opposed to saying we are not going to let something come in. I think if we were rewriting the Lacey Act, things that are not in trade today should not come into the country unless we have reviewed them and made a determination that they are not invasive. Exotic is one thing; invasive is another. Invasiveness is a relatively easy thing to measure and we have established protocols to do that. I think that would be the most important aspect if we were writing the law today.

Ms. MCCOLLUM. Mr. Chair, I think it would also save this committee a lot of money to put towards other things, so maybe we need to talk to the Policy Committee and get them to take a look at it. And I look forward to learning more from the staff.

You are concerned about hatcheries. They are a big investment in Minnesota. I even paid \$5 extra for a walleye stamp to, improve walleye hatchery and habitats. So thank you, Mr. Chair.

Mr. CALVERT. You are doing your share.

Next, Ms. Herrera Beutler.

NORTHERN SPOTTED OWL

Ms. HERRERA BEUTLER. Thank you so much, Mr. Chairman.

And I know whether or not listing things is probably going to continue to be a topic of discussion on this committee, I actually wanted to talk about something that is already listed, the wonderful, amazing northern spotted owl.

Mr. ASHE. I have heard of that.

Ms. HERRERA BEUTLER. I am sure you have, as have I since I was like 7.

There seems to be a growing understanding that managing an entire ecosystem for one species is not as effective as we could be. In fact, what we are finding out of the experience of the last 20 years of policy is that it can actually be very damaging to other species. As you know in the last 20 years, specifically with regard to the northern spotted owl, we have seen reductions in early seral forests and the species that live in them, a decline in elk and deer population, a decline in more than 40 bird species in the forests, a decline in the spotted owl itself, which is what we are trying to protect, and a major decline in the jobs and the families that rely on healthy forests and forest and timber activities.

So I know you understand all of this, and what I would like to hear from you, is Fish and Wildlife working with other land management agencies to address this because I have heard positive things about it from several of the folks that you work with, whether it is Forest Service, whether it is BLM, but address an ecosystem-wide approach versus a single-species approach.

Mr. ASHE. Our emphasis, and it is reflected in our recently revised recovery plan for the northern spotted owl, is ecological forestry. It is our firm belief that healthy forests are good for spotted owls and that we can manage the forests and need to manage the forests. In the short run that can involve take of listed species, not only the spotted owl but potentially others.

Ms. HERRERA BEUTLER. Are you talking about the barred owl?

Mr. ASHE. No, we are taking them, too. I am talking about salmon or marbled murrelet or other species that are listed and share some of the same habitat. Forest management is necessary to make a healthier habitat in the long run. Last year Tom Tidwell, the Chief of Forest Service, Neil Kornze from the BLM and I went up to the northwest. We met with all of our joint employees in Oregon, Washington, California, and we delivered that message, that we need to be working together to better define and implement this notion of ecological forestry. We are building pilot projects there. We need to manage forests. We need to look to the future, not manage the present. We cannot manage to a static environment. It will not work even if we wanted it to. We need to think at an ecological scale and we need to build recovery plans and forest management plans that do that. I think in the end that is good for the owl, it is good for the local economy, and it is going to be good for the economy.

NORTHWEST FOREST PLAN

Ms. HERRERA BEUTLER. Absolutely. I would agree. So with regard to the Northwest Forest Plan and the amount of timber that is supposed to be selectively harvested, you do not see a problem in there?

Mr. ASHE. Well, we have always been a supporter of the Northwest Forest Plan and we have been writing biological opinions under the Endangered Species Act to support implementation of the forest plan.

And there are many other factors. There is the National Forest Management Act, there is FLPMA for the BLM and there are other laws that come into play that often are challenging as well.

From the standpoint of the Fish and Wildlife Service, we believe we can make this concept of ecological forestry work and we are writing biological opinions today that reflect that and provide the take coverage for both Forest Service and BLM to implement ecological forestry.

Ms. HERRERA BEUTLER. Okay. Good.

With that, I yield back. Thank you.

Mr. CALVERT. Thank you. Ms. Pingree.

Ms. PINGREE. Thank you, Mr. Chair.

Thank you very much for being here today—

Mr. ASHE. Yes.

Ms. PINGREE [continuing]. And for your good work.

I will start with one question. Before I do, I want to thank you, thank the Fish and Wildlife Service for their continued work with the Army Corps of Engineers throughout the Camp Ellis project, which is in the town of Saco, Maine, that I represent. The Service has been working with the Army Corps to make sure that the project benefits the endangered species, as well as the community,

and I am looking forward to amenable solutions being found for the project to go ahead and move forward. But I have talked to the department. I know you guys are right in the middle of that and I appreciate your attention to that.

NATIONAL WILDLIFE REFUGE BUDGET

I want to talk a little bit about the wildlife refuge budgets. As I am sure you know, there are 10 wildlife refuges in Maine, including the Rachel Carson National Wildlife Refuge which protects valuable salt marshes and estuaries for migratory birds along 50 miles of coastline just in my district, which is only about half the coast of Maine.

As we learned from Hurricane Sandy, severe weather events can have a devastating effect on our refuges. We were able to provide supplemental funding of \$68.2 million to make repairs to 25 national wildlife refuges and three national fish hatcheries from Florida to Maine as a result of Sandy and the money, but the underlying budget does not seem to have the capacity in the future to absorb such drastic events. As I read it, the fiscal year 2015 budget for refuges is \$476 million. This is only \$4 million above fiscal year 2014. I know we are not supposed to complain when anything goes above, but can you tell me a little bit more about the program needs that you will try to address with the increase, particularly given the incredible problems you have been facing due to extreme weather events, sea level rise, coastal impacts of storms and hurricanes, all of which we are witnessing and deeply concerned about on the coast of Maine and most of New England?

Mr. ASHE. Thank you. In one of my former capacities with the U.S. Fish and Wildlife Service, I had the honor to be Chief of the National Wildlife Refuge System, so the refuge system certainly is near and dear to my heart. I have been to almost all of the refuges in Maine, they are spectacular.

I would say for point number one that we have only a small increase in this proposed budget and that will principally go toward youth and youth engagement and law enforcement, a small increase for law enforcement. Thanks to the subcommittee and Congress, in the fiscal year 2014 bill we got a \$20 million increase for refuges, very generous in today's context. Thank you for that because it has allowed us to begin to think about filling key vacancies in the refuge system.

This is generally, not enough. Refuges by and large represent great opportunity.

Mr. Chairman, you were speaking of the importance of recreation and fisheries. Hatcheries are an issue where we have put substantial investment and we have been successful in getting the Corps of Engineers and the TVA to step up and admit their responsibility to fund those mitigation hatcheries. I think we have alleviated a burden from us and from you in doing that. We are going to continue to operate those hatcheries because we believe that is important.

In the context of refuges, we have extraordinary opportunity to host increased visitation within the refuge system for hunting and fishing and wildlife observation and what we call wildlife-dependent recreation. I think if I saw one big deficit in our capacity, it

is the capacity to do more, to engage young people, to engage the American people, to get them outside and get them engaged in these great traditional pastimes.

Ms. PINGREE. Thank you.

Thank you, Mr. Chair.

Mr. CALVERT. Thank you. I would like to congratulate Mr. Moran, who is not here, for getting credit for the fiscal year 2014 refuge budget. He was very insistent and we made sure that that occurred, so——

Mr. ASHE. Thank you.

DELTA SMELT

Mr. CALVERT [continuing]. Giving credit where credit is due.

I want to bring up the delta smelt. I am sure that is a shock to you. The 9th U.S. Circuit Court of Appeals recently upheld the 2008 biological opinion by U.S. Fish and Wildlife that concluded that the Central Valley and the State Water Project, which provides water for more than 20 million people and 7 million acres of agriculture, jeopardized the continued existence of the delta smelt and its habitat. The court acknowledged the enormous practical implications of its decisions, but it was prohibited by the Endangered Species Act from making such fine unitarian calculations to balance the smelt's interests against the interests of the citizens of California. Resolution of that question, the court said, falls to Congress, the agencies to which Congress has delegated authority in the State of California.

This is the question. While we wrestle with solutions, what flexibilities, especially now because we are going into summer, that you are afforded under the authorities in order to provide water for more than 20 million people in California and hundreds of millions elsewhere who depend on California's produce while at the same time meeting your ESA mandate to prevent the extinction of the delta smelt? How are your flexibilities limited by the resources at your disposal?

Mr. ASHE. I think one way, Mr. Chairman, that demonstrates that vividly is this year for the first time because of funding from the Bureau of Reclamation, we are doing much finer-grained monitoring, we are actually doing real-time monitoring of delta smelt. We have been able to provide guidance to the Bureau and the State Water Project on a 24-hour basis, knowing where delta smelt are and that they are away from the pumps. I think that underscores the importance of our ability to access scientific information and the best science that the day can offer us. We can make much finer-grained operational decisions when we have that kind of information.

Mr. CALVERT. For the record, anecdotally, about a year ago, December a year ago, the pumps were operating at less than the optimum level and there was some controversy on how many delta smelt would be lost if they operated it at a higher level, and around 800,000 acre-feet of water was let to go out under the Golden Gate Bridge, which we wish we had right now. I was told later that less than 50 smelt were threatened under that pumping regime. Can you enlighten us on that?

Mr. ASHE. When people talk about smelt and the pumps, the smelt that are taken at the pumps are an index. The adult take was limited to 110 smelt in our biological opinion for this year. That is a metric. So if you see 110 taken, actually many more have been taken. That is kind of an index to tell you about the level.

Mr. CALVERT. Well, as you can imagine, to the farmers and to the people in California, when they hear the number less than 50 delta smelt and 800,000 acre-feet—

Mr. ASHE. Right.

Mr. CALVERT [continuing]. Being lost—

Mr. ASHE. I hear you.

Mr. CALVERT [continuing]. When 800,000 acre-feet—by the way, that is how much water we have stored in Southern California, which will get us another year-and-a-half. It is Diamond Valley Reservoir and a few other reservoirs.

Mr. ASHE. I think—

Mr. CALVERT. That is a lot of water.

Mr. ASHE. It is and I would say I think again our people have been doing extraordinary work hand-in-glove with the Bureau of Reclamation and with the State on the current drought and crisis. I would point out that there have been no pumping restrictions this year because of delta smelt.

Mr. CALVERT. Now, when you say there are no pumping restrictions, you mean they are pumping to their legal authority under the 2008 biological opinion, is that not right?

Mr. ASHE. No, we have not had to impose any restrictions at all on pumping because the State restrictions for water quality purposes have been much more restrictive than our biological opinion. There have been no ESA, no delta smelt restrictions on pumping at all this year.

Mr. CALVERT. Well, I see Mr. Valadao came in. I am sure he will probably have some other questions regarding that issue in the Central Valley.

ENDANGERED SPECIES ACT: IMPROVEMENT

Before I go to Mr. Serrano, I wanted to ask another question on ESA single-species approach. And obviously we have learned a lot in the last few decades about ecosystem science. And in 2010 former Interior Deputy Secretary Lynn Scarlett wrote specifically about such weakness when it was applied to the Bay Delta. In your opinion should Congress and the Administration take up the issue of updating, improving, and reauthorizing the Endangered Species Act?

Mr. ASHE. It is almost a philosophical question. Yes, they should. My fear is that in this environment it is very difficult to do that because taking up a law like the Endangered Species Act requires building consensus around objectives and I am not certain that there is consensus around objectives. But I do believe that it is appropriate for Congress. The law was last reauthorized in 1990. I believe it is appropriate for the Congress to look at a law as consequential as the Endangered Species Act.

Mr. CALVERT. I suspect there would be a movement to do some incremental improvements.

Mr. ASHE. There can be some incremental improvements and, again, I would extend on behalf of the U.S. Fish and Wildlife Service our willingness to work with the committee on a bipartisan basis to find those opportunities. I think we could find some opportunities to make incremental improvements.

Mr. CALVERT. Okay. Mr. Serrano.

Mr. SERRANO. Thank you, Mr. Chairman. And thank you for being here with us today.

Mr. ASHE. Thank you, sir.

STATE AND TRIBAL WILDLIFE GRANTS

Mr. SERRANO. As a supporter of the State and Tribal Wildlife Grants, I was troubled by the reductions in these accounts. In your budget documents, you state that State and Tribal Wildlife Grants will be reduced by roughly \$8.7 million to address "higher priorities." And then the document continues to explain that the cuts will weaken the States' ability to respond to species' needs and to address the needs of non-game species. I am quite troubled to see this cut and frankly find the explanation a little confusing. I would expect to see an explanation as to why this does not weaken the States' abilities to respond to needs and what the higher priorities are.

As a supporter of these important grants, which have such a large effect on the States and Territories, I would be interested in hearing how this justification should make me comfortable that this program is not being cut just for the sake of saving money by making a cut. Can you explain how, then, the cuts will affect the program?

Mr. ASHE. Thank you, Mr. Serrano.

I would say, first, that State fish and wildlife agencies are our most important partner.

Mr. SERRANO. Right.

Mr. ASHE [continuing]. So I offer you no argument. The cut in the State and Tribal Wildlife Grants does weaken the capacity of the States', important capacity, and it should not make you comfortable at all and it does not make me comfortable. I said to the Chairman and the Committee earlier that I have presented you a budget that deals with crisis and hopefully allows us to work on things that are important. I think this is one area that is troubling in that regard because it is important that our State partners have this capacity, but we only had so much to work with. It does weaken our State partners in an important way and it should not make you comfortable. It does not make me comfortable.

Mr. CALVERT. If the gentleman would yield, I will be happy to work with you to help restore some of that funding.

Mr. SERRANO. I would be glad to. It is always good to include the minority party in enlarging the amount of money.

URBAN ENGAGEMENT

I wanted to commend your efforts to engage and work with urban communities. I appreciate your efforts to engage urban youth and expose communities. I appreciate these efforts exposing them to the wonders of nature.

I wanted to draw your attention to an effort that might be of use to your more strictly scientific mission. Your colleagues in the Forest Service have an innovative partnership with New York City Parks and Recreation which they jointly operate, an Urban Field Station in New York City. They focus on the science and research that they can carry out in an urban environment. Their collaboration at that field station along with other scientists and associated groups who joined them has proven extremely valuable to our city and its natural environment. It seems to me that the value of these interdepartmental and intergovernmental efforts is magnified in the current budgetary climate.

I wonder if you have been approached to join their efforts at the Urban Field Station? If not, would you consider joining or perhaps opening your own outpost in urban areas built on this successful model?

Mr. ASHE. I do not know if we have been invited but I will find out. I would like to come see you because what you are talking about is synonymous with our Urban Refuge Initiative and it sounds exciting. I think the opportunity to connect with a new generation of Americans, a diverse generation of Americans and really reach into urban audiences is an important part of making conservation relevant to the future of America. I would love to talk to you about that.

Mr. SERRANO. Right. Mr. Chairman, something I said last year and I will repeat it again is that if there has been a change in how we look at things in this country, I think it has been in the urban areas where growing up that was never an issue. The environment was never an issue. You know, the biggest environmental issue was how much black smoke was coming out of chimneys, you know.

And now you have people working on rivers, creating waterways, you know, asking for Federal, State, and local help to be able to have a boat on a river in the Bronx, for instance, to bring wildlife back to parks, and so on. And so it is a whole different generation that understands that this is part of city life as much as it is part of country life.

Mr. ASHE. Those of us who have been in the conservation community for a long time, are interested in wild lands and wildlife, but we are learning more and more that there are great opportunities to connect people in the urban environment. I think about, just a month or so ago, all the interest in the snowy owl that took up residence here in the District of Columbia. There is great opportunity—

Mr. SERRANO. Right.

Mr. ASHE [continuing]. To engage people about wildlife in the urban environment and it is an opportunity for us as a community of professionals to bring that to the urban environment.

Mr. SERRANO. Thank you so much. Thank you, Mr. Chairman.

Mr. CALVERT. We are looking forward to doing a field trip to the Bronx to see Jose the beaver, maybe about the same time the Dodgers are playing the New York Yankees.

Mr. SERRANO. I would say the beaver is having a better season than they are.

Mr. CALVERT. That is probably true.

Mr. Joyce.

Mr. JOYCE. Thank you, Mr. Chairman. Good afternoon, Director.
Mr. ASHE. Good afternoon.

ASIAN CARP

Mr. JOYCE. You mentioned in your testimony the need to limit the Asian carp in major watersheds. I am afraid if the Asian carp make their way into Lake Erie or any of the Great Lakes it would be not only detrimental to the region but it would greatly impact all the fish in the Great Lakes. As they say at home, it is game, set, match. Can you address the specifics of the Service's plans to limit Asian carp from moving towards the Great Lakes? What is the status of where carp currently are? And what have you learned in the past year on what is working and what is not as far as keeping them in their current locations?

Mr. ASHE. Wow. You are beyond my competence here. I would say that we are learning more and more about Asian carp every day. They literally are at the doorstep of the Great Lakes. The Fish and Wildlife Service, with the help of the subcommittee, has in recent past developed this technique of monitoring eDNA so we do not have to actually go out and find the fish. We can look for traces of their DNA in the water and learn more about where they are moving and where they may be without actually finding an adult or juvenile fish. So kind of pushing the scientific envelope is an important arena for us and an important role for the U.S. Fish and Wildlife Service.

I am working with the Corps of Engineers to evaluate the effectiveness of the electronic barriers and analyze the feasibility and the desirability of maybe a more permanent solution, working with our State counterparts on a response so that should we find fish in the Great Lakes, we are prepared to respond and move quickly to suppress them, much along the lines of a wildfire so that we are prepared and we know what to do and who has responsibility for doing what in the event of an outbreak within the Great Lakes. I think all of the above are the things we are doing and the things we need to do more of and get better at if we are going to keep them out of the Great Lakes.

Also, knowing Ms. McCollum's interest, we cannot limit our activities to the Great Lakes. We need to look into the Ohio River, into the Mississippi River basin to make sure we are also limiting the spread of Asian carp in those areas as well.

In terms of the details that you are asking about, our expert on this is our Deputy Regional Director in Minneapolis, Charlie Wooley. Charlie is down here frequently, and I would like him to come in and see you and give you a presentation on where we are and what we can do with these additional funds and make sure that aligns with your understanding of what we need to do.

Leadership by the U.S. Fish and Wildlife Service is going to be essential and I think we have been a leader and we have worked with our State partners very closely and we need to continue to do that.

Mr. JOYCE. I am glad you brought that up because part of that as my second question. Has there been any update in the science used to determine exactly how close the Asian carp are to entering the Great Lakes? And knowing that you are using the eDNA now

that has been found in streams and rivers close to Lake Michigan, do you have any information on how credible that is?

Mr. ASHE. We are learning about the credibility of eDNA. There have been some criticisms of its use, and so, again, I cannot give you a precise update of that. I would like to be able to do that but there have been criticisms about it. But like any new tool, we have to learn how to use it. I think it is promising. The committee gave us some new resources just two years ago and we are trying to put those into practice and then learn how to use them, and determine when we get information, what does that mean?

I think what I would like to do is get our experts down here to give you a kind of up-to-the-minute update on where we stand and where we need to go. I would just underscore again the importance that we have the ability to build these scientific tools, learn from them, improve them, and get the next generation out there so we are making the best use of any flexibility that we have or that other agencies have to deal with those challenges.

Mr. JOYCE. I certainly appreciate that, sir. And one thing that would be worthwhile for us is that the Army Corps of Engineers came up with eight different plans that they had for stopping Asian Carp, one of them being nothing, which means there are really seven plans. We need to get focused on one plan because we cannot continue on the path of not doing anything. And once the carp are there, again, it is game, set, match.

Mr. ASHE. We are in agreement about the potentially devastating impact that Asian carp could have on the recreational fisheries in the Great Lakes. Again, we are working hand-in-glove on native lake trout restoration and control of lamprey. We are putting hundreds of millions of dollars into the restoration and maintenance of these great fisheries and they could be put at risk.

Mr. JOYCE. I must commend you because you have done a tremendous job. When people talk about how they are going to create jobs, it is by creating new agencies. We do not need any more agencies. And we create jobs because of the things that you are doing. Just tourism alone in the Great Lakes is a tremendous industry for us. And I was just wondering if you had any position at all about fishing Asian carp into extinction?

Mr. ASHE. Well, we joke about that. One thing that we seem to have done very well, especially in the past is over-fish. The thing about Asian carp is can you create a market for them? Once you create a market, can you not have it then become a resource that people want to manage? I think there has been some interest and some exploration in how to do that, but what we would have to do is really work probably with the Agriculture Department or Economic Development Administration or others to put in place the processing and shipment facilities that would be necessary to do that. There are people actively exploring those ideas and possibilities, and that could be part of a solution.

Mr. JOYCE. I look forward to working on a solution with you. And if I have any time left, Mr. Chairman, I am yielding it back.

Mr. CALVERT. You do. Mr. Stewart.

Mr. STEWART. Thank you, Mr. Chairman. Mr. Ashe, it is good to see you again, sir.

Mr. ASHE. Good to see you, too.

Mr. STEWART. We had a conversation in my office sometime ago and I am going to continue that if we could.

Mr. ASHE. Yes.

UTAH PRAIRIE DOG

Mr. STEWART. I apologize, Mr. Chairman, for being late. We actually did a markup and passed a bill in the Legislative Affairs, which I am told was the earliest that they have done that in generations, so it was nice to be a part of that. And we look forward to doing the same thing here, insisting and actually passing legislation out of the Appropriations. Will that not be fun?

For the record and to review, Mr. Ashe, because I know that you have thousands of issues, and I am going to go out on a limb and speculate that though I am late, I am not the first nor only person that once to talk about ESA issues. And we have some substantial concerns there in my district.

We have the Utah prairie dog, which has been listed on the endangered species since the creation of the Act in 1973. There are three recovery areas for the species. All of them are in my district. And here is what happens essentially and then I am going to tie my question to something you said, Mr. Chairman, earlier in your comment.

The Utah Division of Wildlife Resources goes out every spring and they count the number of these prairie dogs. They count them on both public and on private land. But then fish and wildlife only considers the number of these prairie dogs that live on public lands. Well, these prairie dogs, the lovable little things that they are, they are not dumb and they like to live where people like to live. They live where there is water, where there is cover, where there is protection from raptors, where there is, you know, irrigation in fields and all the things that the rest of us enjoy. They do not like sitting on rocks out in the middle of the desert.

And so most of these prairie dogs have migrated to private lands and yet they are not being considered in the official count as to whether it would be appropriate to delist them, whether we have been able to protect the species to the point where we could.

And so a few weeks ago I submitted a bill, the Endangered Species Improvement Act, which would just require—which seems so commonsensical to me; I cannot imagine this being controversial and I have been on a number of media programs and other venues to talk about this. I say how can someone disagree with this? If you are trying to measure the health of a species, if you are trying to protect that species, as we all want to do—none of us want to drive a species into extinction—but how could we not have this commonsense approach of actually counting and knowing how many of them there are, not differentiating between there is a certain number on public lands and a certain number on private lands?

And I am wondering your response, Mr. Ashe, to that. Would you support us in that effort and does that not seem to make sense that we would count all the species before we would set policies and in some cases economically destructive policies and very prohibitive policies based on a number which may not be accurate?

Mr. ASHE. I would agree that we need to count and we need to have a commonsense approach to how we set a recovery objective.

Mr. STEWART. I am just going to stop you there. Thank you, sir.

Mr. ASHE. I would just make one point that you and I talked about a year ago I think almost now, that we can do better. I think we have been working together and I think we need help on both sides of the street. And hopefully we can get more support from the local areas in Utah.

I think the difference on public and private land is that when we make a delisting decision, it is one thing to say that we have X number of these critters out there. What we have to be able to show is that they will stay there, and in order to delist, we have to be able to show that they are secure. What we have not been able to do in Utah is show that if we delist, that these prairie dogs will be secure. I think we can get there but we need cooperation. And I know you have been helping us and so hopefully we will see a path forward.

Mr. STEWART. I appreciate that. In our relationship I sense that you want to help us with this, that you do want to take a common-sense approach.

And by the way, sir, I understand that it is not enough to just go count, that we have to be confident, as you said, that they can sustain themselves. Of course, we want to do that as well but the starting place has to be, it seems to me, knowing how many there are.

Mr. ASHE. Absolutely. To come back to our budget, I think in our budget the increases that we have requested for our endangered species program, the bulk of those increases are in the portion of our program that supports recovery, that supports cooperative conservation, that supports the kind of scientific investigation that we will need to deal with these types of issues, delisting. So we are asking for a small increase in our listing program and the bulk of the increases are in the portion of our budget that supports recovery, delisting, and cooperative conservation.

Mr. STEWART. Well, we appreciate that.

And, Mr. Chairman, the policies have to be driven by the reality, and the reality cannot be established if we do not know how many there are through a fair accounting. Then based on that we can put together plans to assure that the species survives.

I will end with this. One of the concerns that I have with this, and it is consistent because we see it so often, and that is it drives a wedge between citizens and the Federal Government when they see policies that they just say this does not make any sense. It has in some cases very real economic consequences for them. Both of us would like to see that reduced rather than exaggerated and this would be a step towards trying to do that, so thank you, sir.

Mr. ASHE. Thank you.

Mr. STEWART. And, Mr. Chairman, I yield back.

Mr. CALVERT. I thank the gentleman.

Mr. Valadao.

CALIFORNIA DROUGHT

Mr. VALADAO. Thank you, Mr. Chair. You are correct; I do want to talk about water.

Director Ashe, California is facing one of the worst droughts in recorded history. Farmers are following fields and many of my constituents will be losing their jobs due to lack of water availability.

Currently, the Sacramento-San Joaquin Delta is experiencing what could be the last significant storm flows of the season. The pumps that deliver water south to my constituents have a total physical capacity of nearly 30,000 acre-feet per day. It is my understanding that the current factors limiting pumping are the biological opinions issued by your agency and the National Marine Fisheries Service. What is the total amount being pumped under the current biological opinions?

Mr. ASHE. The amount that can be pumped under the current biological opinion is at -5,000 acre-feet per day on a 14-day average. So we can go above that, below that, but on a 14-day average it has to be -5,000 acre-feet.

Mr. VALADAO. Can you explain that, please, -5,000? So that means we have to send water back up to the Delta—

Mr. ASHE. When they pump out of the Delta it makes—

Mr. VALADAO. You are talking about the reverse flows?

Mr. ASHE. It flows backwards so it is a negative flow in the river that we measure.

Mr. VALADAO. The question I am asking is, exactly what can be pumped through those pumps when water is going through the pipelines? What amount of water are we allowed to pump today? What are we pumping today as far as acre-feet that are exported south of the Delta?

Mr. ASHE. I do not know. I can get that answer for you.

Mr. VALADAO. What we are being told it is 10,000 acre-feet per day. About $\frac{1}{3}$ of the potential of the pumps is what is being pumped today.

Mr. ASHE. They do not pump to the full potential of the pumps and they have not under any circumstance in recent memory.

The delta smelt biological opinion is not what is limiting the pumping today.

Mr. VALADAO. So what is?

Mr. ASHE. The limiting factor on the pumps has been the restrictions that have been put in place by the California Water Resources Board for health and safety.

Mr. Chairman, you asked me before about single-species management. We find when we are managing for something like the delta smelt we are managing salinity levels as water moves back and forth in the Bay Delta ecosystem. The same thing is important for people because for those municipalities, pumping saltwater does not really help them—

Mr. VALADAO. How much sewage is dumped in the Delta every day?

Mr. ASHE. Excuse me.

Mr. VALADAO. How much sewage is dumped in the Delta every day?

Mr. ASHE. I do not know.

Mr. VALADAO. It is about 380 million gallons a day. When people talk about their concerns for the environment and keeping the water clean, I guess maybe not dumping sewage would be a great start.

But I will go onto the next question. Despite the fact that pumping operations have killed absolutely no delta smelt this season and less than 450 of the combined nearly 27,000 salmon and steel head allowed under the biological opinions, on Tuesday, my constituents were forced to send nearly 41,000 acre-feet of precious water to the Pacific Ocean. That is enough water for 82,000 families for a year and almost 14,000 acres of crops in just one day. That is just one day.

Last week, I joined Chairman Calvert and other members of the San Joaquin Valley Delegation and Senator Feinstein in sending your boss, the Secretary of the Interior, and the Commerce Secretary a letter urging them to use all their power to pump the maximum amount of water from this week's storms. Is less than $\frac{1}{3}$ of the pumps' potential the best they can do? Do you consider 10,000 acre-feet of water per day to be the maximum amount of water? Can you tell us here today specifically what damage to fish would be if 50 percent of the water flowing to the Delta was pumped?

Mr. ASHE. Congressman, we have to operate within a legal construct. We have a biological opinion which contains——

Mr. VALADAO. Do the biological opinions affect the pumping levels?

Mr. ASHE. When you asked me about pumping to the full extent of the capacity of the pumps, it is not supportable under the biological opinion. So even if we wanted to do that, we would be sued and we would lose because our biological opinion outlines the conditions under which the pumps can operate and avoid jeopardy to the species.

Mr. VALADAO. So the biological opinions do have an impact on pumping?

Mr. ASHE. Well, they do have an impact on pumping. They have not had an impact on pumping to date in the context of this year's operation to the project. There have been no delta smelt pumping restrictions in place.

Mr. VALADAO. But the State Water Resources Control Board is concerned with the environment so they restrict the pumping for the salinity levels?

Mr. ASHE. Correct.

Mr. VALADAO. All right. I will have another round in a minute.

Mr. ASHE. I think you are asking a question about the desire to take advantage of recent rainfall events and to harvest water associated with these recent rainfall events by pumping at very large levels, and that would be restricted potentially by the biological opinion.

Mr. CALVERT. I will come back to you.

Mr. Moran.

Mr. MORAN. Thanks very much, Mr. Chairman. You are being missed over in Defense, you should know.

Well, nice to see you, Mr. Ashe.

Mr. ASHE. Nice to see you, Mr. Moran.

GRAY WOLVES

Mr. MORAN. I want to ask you about the gray wolves. The Fish and Wildlife Service's own peer-review panel released its report on the proposed delisting of gray wolves in the lower 48 States and

it found that the proposal does not represent the best available science. And I never supported the delisting in Montana and Idaho and Wyoming and, you know, it seems to me this report supports that view, which was controversial, and we did not put up a big fight last year because I was not really sure whether we were being too purist about it. But it seems to me that this peer-reviewed report should raise some major question.

I know it seems like, it is a bunch of tree huggers and teddy bear huggers or whatever, but the wolves are an important element in the ecological balance. In Yellowstone, for example, we found that the population of trout in streams was substantially enhanced when the wolves were introduced because it balanced the deer and elk population, which meant that you had more growth of willows and vegetation over streams so that the trout had cool places in which to spawn. It is amazing that the ecology that returned to balance when the wolves were reintroduced.

And it just seems to me that while the grazers get blamed, perhaps appropriately so, for the ones who want to get rid of the wolves. In large part, it seems to be these big game hunters who do not want competition for elk and so on.

But I have a real concern about the direction in which we are going. So, I would like you to respond, if you would, Mr. Ashe. Understand, we are still friends.

Mr. ASHE. We are.

Mr. MORAN. It is just you need to know I am concerned about this particular policy.

Mr. ASHE. You have asked an important question. I would first point out we completely agree on the importance of wolves, and wolf recovery has been a tremendous success. Our colleagues in the Park Service and the Bureau of Land Management and the Forest Service are providing the great spaces where these wolves have their real strongholds. We also had support from some great partners in the conservation community. It is a great success.

Part of that is being faithful to the agreements made when we started that exercise with the States of Idaho, Wyoming and Montana. We told them that what constitutes success is at least 100 wolves, at least 10 breeding pairs per State. That was the deal. I believe that the Fish and Wildlife Service needs to hold up its part of the bargain. The reality is we do not have 300 wolves and 30 breeding pairs in those three States; we have 1,700 wolves and 78 breeding pairs. So we have been successful.

Mr. MORAN. In those three states?

Mr. ASHE. Yes, in those three states. We are many, many fold above our recovery objectives and our State partners, I can pick nits with maybe Idaho about how they are managing wolves, but wolves in Idaho are roughly at the same place they were when we delisted them. The State of Wyoming has been an exceptional partner. Last year, they set a quota, a very conservative quota. When they hit that quota, they shut the hunting season down. This year we see the wolf population has increased in Wyoming. Their populations are increasing in Washington State and Oregon despite the delisting of those wolves. At the population level, I think the wolves are doing quite well actually.

Like I said, I could pick nits with my State colleagues. It is not my job anymore. We delisted them. They belong to those States. I have to depend upon them to be responsible managers and I think they are for the most part.

The peer review, the science you mentioned, peer review is a part of science. When I was a grad student, when I presented my research and did my first draft, it did not go over so well. Critical review is a part of the scientific process. We laid out our proposal. We got critical review. Right now we are in the process of assimilating that critical review and trying to decide how to go forward. However we decide to move forward, we will do it in view of that critical review and that will be an important part of our record.

On the issue you may have mentioned with hunters, I am a life-long hunter. I do believe that some of the rhetoric on the extreme wing of the hunting community has been problematic. I have said that to some of my friends in this community. In the mainstream, hunters continue to be one of the best and most reliable sources of support for conservation, including predator conservation. I will admit to the criticism; it is fair criticism. In the main, they are an essential constituency and partner.

ECOLOGICAL SERVICES RESTRUCTURING

Mr. MORAN. Mr. Chairman, I just had one other question if you do not mind. I am confused by this major restructuring of the Ecological Services Account. I mean if it is giving you more latitude to carry out your mission, that is fine, but we kind of like to have some idea of what you are doing with the money. And it is pretty hard to figure out what you are doing with the money and a whole bunch of different line items. Can you give us a little more clarification what you mean in your budget request? You are putting the largest amount in general program activities, which does not give us a lot of insight.

Mr. ASHE. I will commit to providing the committee with whatever information it desires, and I think we have been responsive in the past and we will continue to be. The reorganization that we have done is to align our program structure with our field structure. In the field we have refuges, we have law enforcement, we have fisheries, we have migratory birds, and we have Ecological Services. We have aligned our budget structure so that our national budget structure reflects our field structure. We are trying to constrain the number of accounts that a field manager has to deal with, so they are not managing dozens of accounts; they are managing to a smaller number of accounts. That allows us to have a smaller staff in Washington, D.C. We have been downsizing our national staff.

I think we are providing more flexibility to our field managers. We are downsizing our Washington and regional structures. That is what we are trying to accomplish. On the accountability end, we owe you accountability and I will make the commitment to provide you whatever information you need.

Mr. MORAN. You can understand when most of the money is put into general program activities why our reaction would be what the heck does that mean? I mean what do you do with general program

activities? That does not really tell us much about anything in terms of the way it is being used.

Thank you, Mr. Chairman.

Mr. CALVERT. Thank you.

VALLEY ELDERBERRY LONGHORN BEETLE

For the record, we have a beetle up in northern California, elderberry beetle, that is going through the process of delisting and some of the Members from that area asked me to ask you to see how that recovery plan is coming. Apparently, they are very close and of course they are very anxious up there. They have put a lot of work into recovery plans and to make sure that the beetle is delisted. They believe that they have done a good job. And so if you could get back to us on the record on that, I would appreciate it. [The information follows:]

VALLEY ELDERBERRY LONGHORN BEETLE

The Service, in partnership with a variety of stakeholders, continues to implement recovery actions for the valley elderberry longhorn beetle to conserve the species and its habitat. The Service is also working with partners in the scientific community to develop and implement survey protocols for the valley elderberry longhorn beetle that will provide important information on the distribution and conservation status of the species. The Service will utilize the best scientific and commercial information available to prepare a final determination regarding the status of the species to be published in the Federal Register later this year.

GREATER SAGE-GROUSE: CONSERVATION

And of course you cannot leave here without us talking about the sage grouse and this is a big deal in a number of states, especially Nevada, and we are hearing from both bodies, both at the House and the Senate, and I do not want to find out later that the Fish and Wildlife Service could have done more in fiscal year 2015 to conserve the species so the listing is unnecessary. And so that is what we really want to do. It is really what we want to accomplish here because some people believe this could have worse consequences to the economy than the spotted owl.

How much does the Service propose to spend in fiscal year 2015 to conserve sage grouse and put that for the record? We would like to please have that itemized, the budget, by state and activity, and that would include invasive species removal, Candidate Conservation Agreements, et cetera.

Mr. ASHE. All right. We would be happy to do that. We are spending a considerable amount.

Mr. CALVERT. And if you can get that to us for the record, that would be great. And how soon can we expect a decision by the Service as whether or not to list the species?

Mr. ASHE. We are obligated to make a decision that it is either not warranted or to propose it for listing, and that would be in September of 2015.

Mr. CALVERT. Does that mean you are not going to list it before September 2015?

Mr. ASHE. No, sir, we will not.

Mr. CALVERT. You will not list it before September 2015?

Mr. ASHE. Correct. Now, in September of 2015 we will either say it is not warranted for listing or we will propose it for listing, and then it would be another year before we would actually list it.

Mr. CALVERT. If it is necessary.

Mr. ASHE. If it is necessary, right.

Mr. CALVERT. Okay. And with that, we have to go vote but I am going to turn it over to Mr. Valadao because I know he is anxious to ask a couple more questions. And we will have some questions we will have submitted to you for the record.

And with that, Mr. Valadao, any final comments?

BAY DELTA CONSERVATION PLAN BIOLOGICAL OPINION

Mr. VALADAO. Just another quick question, and yes, water again.

Recently, a judge found that the government violated the NEPA process when issuing Delta bio ops. It is my understanding that although the bio ops will remain in place, the NEPA process will have to be completed on the existing bio ops. Undertaking the NEPA process will likely uncover new data and science not available when the 2008/2009 bio ops were originally issued. Does the U.S. Fish and Wildlife Service intend to use the newly available science to issue new bio ops governing Delta operations? It seems that taking new information into account is imperative to ensuring we are managing the Delta with the best science available.

Mr. ASHE. It is my understanding that the NEPA issue is not a Fish and Wildlife Service issue; it is a Bureau of Reclamation issue. But with regard to the best available science, I think what we are working on in the long run is a joint biological opinion between the National Marine Fisheries Service and the U.S. Fish and Wildlife Service on the Bay Delta Conservation Plan. I think what is important for us is to develop the science and the field capacity to support the long-term solution. In the short-run, we are managing around a 2008 biological opinion and we are doing the absolute best we can do and we are mining all of the flexibility that we can mine from that 2008 biological opinion.

Mr. VALADAO. All right. And just one other question. What other stressors upon fish abundance, aside from water exports, has your agency identified? I know you said salinity earlier. What are you doing to address those stressors?

Mr. ASHE. I will have to respond to that for the record. You mentioned pollution in general. Chlorine, effluent controls, water temperature, salinity, all of these are factors that have relevance for the conservation of a fish like the delta smelt that is kind of hanging on the brink of extinction. We work in the context of all of those, but the major factor influencing the survival of the fish is the pumping, which influences the habitat quality and the ability of the fish to spawn successfully. That is the crux of the issue: does the fish have the habitat conditions that allow it to spawn successfully?

Mr. VALADAO. What about the largemouth or the bass population?

Mr. ASHE. Well, sure, yes, predators are always an issue. Predator management is important and predators can be a significant stressor on a species that is on the brink of extinction.

Mr. VALADAO. Is anything being done with the bass? I know that is not a native species to the Delta? It was introduced for recreation.

Mr. ASHE. I am not proposing that. I do not think bass has been identified as the limiting factor for the delta smelt. The limiting factor clearly is the availability of habitat to support the reproductive lifecycle of the fish.

Mr. VALADAO. And just out of curiosity, is some of that water being held back in reservoirs and released in a timely manner just to prevent the salinity levels from getting too high? Because there are timed releases, right?

Mr. ASHE. The bureau has been trying to store water, and in fact, a priority of the California Water Resources Board has been to try to store water to prepare, for next year.

Mr. VALADAO. Prepare for what next year?

Mr. ASHE. To meet the health and safety needs. Again, the California Water Resources Board has put a priority on meeting the kind of health and safety—

Mr. VALADAO. But just to be clear, what you mean by that is you are going to release water to keep the salinity levels at bay?

Mr. ASHE. I think health and safety, again, is a California Water Resources Board issue and so I am not really the expert on that. I think on health and safety, the California Water Resources Board is thinking about municipal uses but also some environmental considerations.

Mr. VALADAO. Well, I was just asking you personally. I mean we are speaking on a personal level I guess now.

Mr. ASHE. Are we now?

Mr. VALADAO. What happened before the reservoirs were built and those timed releases were not possible? Before humans ever showed up?

Mr. ASHE. In the world before we ever showed up, there were complexes of wetlands that stored water as it came off of the Sierra Nevadas, and those are largely gone now. We now have systems that are human-controlled. In essence those reservoirs are providing the same function that wetlands provided in a pre-human context to store flows.

Mr. VALADAO. All right. Thank you.

Mr. CALVERT. Mr. Valadao, if you have some additional questions you would like to have asked for the record, we will be happy to submit them for written answer. And I have some questions about the National Fish Hatchery System, which I will make for the record, but heck, let's do some hatcheries for delta smelt while we are at it. Let's do that. I think it might be helpful. But we do have a serious question.

I want to thank you, Mr. Ashe—

Mr. ASHE. Thank you, Mr. Chairman.

Mr. CALVERT [continuing]. For coming out here today, Director Ashe, Ms. Nolin. And we are adjourned.

Mr. ASHE. Thank you, sir.

U.S. House of Representatives
Committee on Appropriations
Subcommittee on Interior, Environment, and Related Agencies
FY15 Budget Hearing: U.S. Fish and Wildlife Service
April 3, 2014
B-308 Rayburn HOB

Questions for the Record—Director of the U.S. Fish and Wildlife Service

Questions from Mr. Calvert

Drought, Delta Smelt, and the ESA

Calvert Q1: The 9th U.S. Circuit Court of Appeals recently upheld a 2008 biological opinion by the U.S. Fish and Wildlife Service that concluded that the Central Valley and State Water Projects—which provide water for more than 20 million people and seven million acres of agriculture—jeopardized the continued existence of the delta smelt and its habitat. The court acknowledged the “enormous practical implications” of its decision, but that it was prohibited by the Endangered Species Act “from making ‘such fine utilitarian calculations’ to balance the smelt’s interests against the interests of the citizens of California.” Resolution of that question, the court said, falls to Congress, the agencies to which Congress has delegated authority, and the State of California.

While Congress wrestles with solutions, what flexibilities are you afforded under your authorities in order to provide water for more than 20 million people in California and the hundreds of millions elsewhere who depend on California’s produce, while at the same time meeting your ESA mandate to prevent the extinction of delta smelt? How are your flexibilities limited by the resources at your disposal?

Answer: The purpose of the ESA is to protect and recover imperiled species and the ecosystems upon which they depend. The Service is charged with administering the ESA as it pertains to terrestrial and freshwater organisms, including decisions to list species as endangered or threatened, designate critical habitat and develop regulations necessary and advisable to provide for the conservation of listed species. Section 2(c)(2) of the ESA declares that Federal agencies shall cooperate with State and local agencies to resolve water resource issues in concert with the conservation of endangered species. The ESA provides considerable flexibility to work with partners and stakeholders to ensure actions are consistent with the Act. One example of this flexibility is the Collaborative Science and Adaptive Management Program, which is being developed with collaboration of the scientists and experts from the Public Water Agencies and non-government organizations to inform the development and implementation of the Biological Opinion.

The Service lacks authority under the ESA to manage water usage in California or elsewhere. The priority of the Service is to make implementation of the ESA less complex, less contentious, and more effective. Toward that end, the Service has developed a variety of tools and programs

to help landowners develop conservation strategies for listed and candidate species that are compatible with their land management objectives and needs.

The Service's FY 2015 budget includes an increase for Ecosystem Restoration in the Bay Delta, as it will allow the Service to assess the success of Delta habitat restoration efforts including those benefitting the delta smelt. Funding will also support efforts to strategically conserve habitat and assure a healthy and sustainable watershed that can also support the water needs of California.

Calvert Q2: Much has been written about the inherent weaknesses of the ESA's single-species approach after so much has been learned in the past few decades about ecosystem science. In 2010, former Interior Deputy Secretary Lynn Scarlett wrote specifically about such weakness when applied to the Bay Delta.

In your opinion, should Congress and the Administration take up the issue of updating, improving, and reauthorizing the ESA?

Answer: Since 1973, the Service has demonstrated a clear record of success in preventing the probable extinction of hundreds of species across the Nation while working collaboratively with Federal agencies and other partners to balance the diverse impacts of their development actions with conservation actions that contribute towards species' survival and often to their recovery. The ESA contains a suite of tools that provide the flexibility needed to guide land development and aid species recovery. Working in partnership with other agencies and organizations is foundational for the Ecological Services program as the conservation of the Nation's biological heritage cannot be achieved by a single agency or organization.

The Service is committed to improving the implementation of the ESA. In response to Executive Order 13563 on "Improving Regulation and Regulatory Review," the Department of the Interior prepared a Plan for Retrospective Regulatory Review in 2011. As part of that Plan, the Department (in cooperation with NOAA) committed to "revise and update ... ESA implementing regulations and policies to improve conservation effectiveness, reduce administrative burden, enhance clarity and consistency ... and encourage partnerships, innovation, and cooperation." Several specific regulatory improvement proposals have already been published and more will soon be ready for publication, including actions clarifying the scope and content of incidental take statements; clarifying the scope, purpose, and criteria for designating critical habitat; revising the definition of adverse modification of critical habitat; and clarifying critical habitat exclusions. These proposals, once finalized, will improve clarity and consistency in implementing the ESA which will be a benefit to proactive land use planning and conservation.

The Service would support constructive, bipartisan legislative efforts to improve and modernize the ESA if a shared objective for that reform could be agreed upon.

Calvert Q3: Does our changing climate add a level of urgency to the issue?

Answer: The Service is exercising the administrative flexibility inherent in the ESA to accommodate consideration of the effects of climate change in the legal and policy framework.

We do expect that the effects of climate change will contribute to the risk of extinction for more species in the future.

Calvert Q4: Should Congress continue to appropriate funding to list new species and designate critical habitat under the ESA, despite the ESA's current weaknesses? If so, why?

Answer: Both listing and recovery actions are important funding needs of the Service. Recovering species to the point at which they are no longer endangered or threatened is the ultimate goal of the ESA, and it is a goal toward which the Service is making progress. In the last two months, the Service delisted a fish species in Oregon and proposed to delist two California plants and another fish, all due to recovery actions that are supported by appropriated funds. Altogether there are nine pending proposals to delist species due to recovery. When the Obama Administration began, there had been fewer than 20 delistings due to recovery; now there are 30 and, if all pending delisting proposals are finalized, this Administration will have published as many delisting rules on the basis of recovery as all prior Administrations combined.

Important as they are, however, delistings tell only part of the story. The Service has made the future vastly more secure for California condors, black-footed ferrets, Florida manatees, and whooping cranes among many others. Although still endangered, the chances of achieving recovery for these species are improving, despite having once faced almost certain extinction. And that is success that should be acknowledged and celebrated. The increase requested for Conservation and Restoration activities is important, but will only provide the same buying power as 2010-2012 funding levels, before sequestration.

Listing a species is required under the ESA for species that meet the definition of threatened or endangered. The law allows citizens to petition to list a species, and there are very tight deadlines for making these decisions. Information sought and compiled through the rule-making process associated with the listing program informs and streamlines conservation and recovery activities. In many ways, the listing process sets the stage for recovery needs and objectives, which facilitates early response and implementation to stabilize and then recover species. Listing also protects against the loss of diversity and ecosystem function.

Greater Sage-grouse

Calvert Q5: We have heard reports that the National Greater Sage-Grouse Planning Strategy is off course and that draft plans recommend inconsistent and inadequate conservation measures to conserve and recover the species.

What is the Department doing to ensure that this lengthy and expensive planning process will achieve its goals and potentially avoid the need to list sage-grouse under the Endangered Species Act?

Answer: The Department of the Interior recognizes the complex scope and large scale of this issue and is committed to the conservation of the greater sage-grouse across the species' range. The Service, BLM, and USGS, together with numerous public and private partners, are all contributing significant resources to address the threats identified in the 2010 warranted finding

and conserve the species. BLM, in close coordination with the Service, is leading an unprecedented effort to develop comprehensive plans to conserve sage-grouse on Federal lands. In addition, DOI bureaus are reviewing and providing advice on State planning efforts as well as working closely with the Western Association of Fish and Wildlife Agencies on key technical topics – such as wildlife and invasive species challenges – affecting sage-grouse and its habitat. Further, DOI continues to work closely on policy issues with the Sage Grouse Task Force that was established by former Secretary Salazar and the respective western Governors and continues its work under Secretary Jewell’s leadership. Finally, the Service is investing in the capacity and infrastructure necessary to conduct a thorough, transparent, and scientifically and legally defensible decision-making process under the ESA.

Calvert Q6: If the decision is made to list the greater sage-grouse, I do not want to find out later that the Fish and Wildlife Service could have done more in FY15 to conserve the species so that a listing is unnecessary.

How much does the Service propose to spend in FY15 to conserve sage-grouse? Please itemize the budget by State and activity (e.g. invasive species removal, candidate conservation agreements, etc.)

Answer: The President’s Budget for FY 2015 requests an additional \$4 million for sage-grouse conservation efforts. The following table and cost estimates are based on the estimate of 30 FTE currently working on sage-grouse conservation actions and the need for the addition of approximately 35 more FTEs to be added in FY 2014 and early FY 2015 to expand existing capacity. The Service is unable to provide this breakdown by the activities requested.

There are a number of National Wildlife Refuge System (NWRS) units within the range of the greater sage-grouse and those units are contributing to conservation of the species through threat reduction, like invasive species control, habitat management, and protection. However, the estimates below do not include NWRS operational expenses related to sage-grouse. Further, the Partners for Fish and Wildlife (PFW) Program has been and will continue to be an integral player in the conservation of sage-grouse across the range of the species. From 2004-2013 the PFW program has completed 184 projects, enhancing nearly 261,000 acres of habitat in sage-grouse range. It is expected that the PFW program will deliver nearly \$50,000 in technical assistance in FY 2015, not including project dollars which often leverage Federal dollars. Additionally, the PFW program has collaborated with the Natural Resource Conservation Service at the Department of Agriculture to fund Strategic Watershed Action Teams. The teams are funded collaboratively through the end of FY 2015. It is not clear at this time what amount of PFW projects or personnel will work on sage-grouse conservation in FY 2015, yet sage-grouse are a focus of the program in States within the species’ range. In addition, Landscape Conservation Cooperatives have contributed funding for research and other initiatives in the past. As this is a competitive process, we cannot predict what if any additional research may be funded by these programs.

**Anticipated FY2015 expenditures in Ecological Services to conserve
sage-grouse species by State**

	Total
Wyoming	\$800,000
Colorado*	\$600,000
Utah	\$400,000
Montana	\$400,000
North Dakota	\$100,000
South Dakota	\$100,000
Regional office - Colorado	\$1,500,000
Idaho	\$600,000
Oregon	\$600,000
Washington	\$400,000
Regional office - Oregon	\$1,000,000
Nevada**	\$1,000,000
Regional office - California	\$150,000
Headquarters	\$300,000
Total	\$7,950,000

*includes Gunnison sage-grouse efforts

**includes Bi-State DPS efforts

Calvert Q7: How soon can we expect a decision by the Service as to whether or not to list the species?

Answer: Pursuant to a court settlement and associated work plan/listing determination schedule, the Service will consider all relevant conservation efforts in our current status review and will make a determination by September 30, 2015 on whether an ESA listing proposal is still warranted. If the Service determines the species warrants listing as either threatened or endangered, it will issue a proposed rule and any associated proposals by the above date. If the Service determines the species does not warrant listing, it will withdraw the 2010 warranted finding, removing the species from the list of ESA candidate species.

Calvert Q8: Does the ESA give the Service the flexibility to approve State and Federal sage-grouse conservation plans in advance of a listing determination?

Answer: Yes, the ESA gives the Service the flexibility to approve State and Federal conservation plans in advance of a listing determination if they meet certain standards. The ESA requires that the Service make a listing determination after conducting a status review and taking into account those efforts being made by the States to protect the species. Our goal when we made our multi-year workplan publicly available in 2011 was to inform other agencies and the public when these actions are scheduled, so that they can plan their actions that might be affected

by this schedule, e.g., conducting surveys or research to help inform our decisions, initiating conservation planning, or conferencing on proposed listings or critical habitat designations. This transparency allows time for States and landowners to engage in conservation programs and for agencies to develop management plans. For example, the Service was able to withdraw the proposed rule to list the dunes sagebrush lizard based on established conservation agreements. The Service's role in Federal and State planning processes is to provide technical and policy guidance to inform and guide plan development per the threats identified in the 2013 Conservation Objectives Team Final Report (<http://www.fws.gov/mountain-prairie/species/birds/sagegrouse/COT/COT-Report-with-Dear-Interested-Reader-Letter.pdf>) and help develop and deliver plans that maximize conservation of the species on various planning scales.

Calvert Q9: What is the total number of FTE that the Service has focused specifically on sage-grouse now and what is the number it is seeking additionally in FY15?

Answer: The FY 2015 budget request supports additional capacity across three regions of the Service and 11 States. The majority of these positions will be on-the-ground support to implement conservation on private lands and to provide technical assistance for State and Federal conservation planning and implementation. Currently, the Service has approximately 30 FTE collaborating with the BLM, USDA Forest Service, NRCS, State and private land conservation efforts. The Service anticipates adding an additional 35 FTE over the next six months to expand these efforts.

Calvert Q10: The Association of Fish and Wildlife Agencies recently sent a letter to the President, asking the Administration to slow down on a number of environmental and energy initiatives that impact sage-grouse habitat.

Does the Service have the flexibility to institute a delay in the decision of whether or not to propose a listing?

Answer: The Service is bound by the Multi-District Legislation agreement to make a determination whether to propose a listing or withdraw our previous finding by September 30, 2015. If the species warrants listing, the Service will issue a proposed rule and, there is some, albeit limited, flexibility to implement a delay in certain circumstances.

Calvert Q11: We're told by Secretary Jewell that the Service has been working hand-in-hand with BLM and the States to develop management plans for conservation efforts related to the greater sage-grouse.

In your opinion, is the Service involved enough in the State and BLM management plans for conservation efforts related to the greater sage-grouse?

Answer: Yes. The Service has invested heavily in both the State and Federal planning processes and continues to provide dedicated technical and policy expertise at all levels and stages of the planning process. To thoroughly analyze all available conservation information in preparation

for our 2015 decision, the budget requests funding that will allow the Service to expand the number of personnel dedicated to this listing determination.

Calvert Q12: Can it be assumed that since the Service is working with BLM and the States, that the Service will be accepting these management plans as sufficient for the conservation of greater sage-grouse such that an ESA listing designation is not necessary?

Answer: BLM is scheduled to have administrative draft plans available by summer 2014 and final Records of Decision and Environmental Impact Statements completed by the end of 2014. The Service continues to work closely with BLM to provide technical assistance and guidance to ensure the plans address the threats to the species and provide for conservation of the species habitat into the future. These plans will be valuable in guiding adaptive management of sage steppe habitat, which is critical to sage grouse conservation. The Service will consider these efforts in the current status review and will make an ESA determination by September 30, 2015, on whether an ESA listing proposal is still warranted.

Calvert Q13: Will the conservation actions documented within the management plans you've seen to date from BLM and/or any States produced significant enough results for the Service to be able to make an informed decision on the potential listing of greater sage-grouse by the 2015 deadline?

Answer: The FWS partnered with the States to define the conservation objectives for greater sage-grouse that, if met, would conserve the species into the future. This report is referred to as the Conservation Objectives Team report (<http://www.fws.gov/mountain-prairie/species/birds/sagegrouse/COT/COT-Report-with-Dear-Interested-Reader-Letter.pdf>).

The BLM and U.S. Forest Service planning efforts will not be completed until this fall. The FWS continues to provide guidance to Federal and State agency efforts consistent with the objectives identified in this report. The FWS will consider these efforts in the current status review and will make an ESA determination by September 30, 2015, on whether an ESA listing proposal is still warranted.

Calvert Q14: Recently the Service announced a six-month delay in the decision of whether to list the Bi-State sage-grouse for scientific reasons.

Are there similar scientific reasons for considering similar delays for the greater sage-grouse or the Gunnison sage-grouse?

Answer: The Service is bound by the multi-District Litigation settlement to make a determination whether to propose listing or withdraw the previous finding by September 30, 2015 for greater sage-grouse. If the Service determines that the species warrants listing by that date, it will issue a proposed rule for review and comment. The Service would then have one year to reach a final conclusion. Before reaching a final conclusion, the Service would assess whether the level of scientific uncertainty warrants a six month extension of the decision date.

The Service proposed to list the Gunnison sage-grouse in early 2013. The time period for completing the final determination was extended due to significant scientific uncertainty. The final determination is due by May 12, 2014. The Service has the authority to extend final listing decision deadlines by 6 months when there is significant scientific uncertainty.

Wildlife Trafficking / Ivory

Calvert Q15: Without exception we are all alarmed by the rapid increase in wildlife trafficking—in particular elephant ivory. In fact, this subcommittee recently increased funding for overseas efforts to stop it. Recently the Fish and Wildlife Service proposed a ban on all U.S. commercial trade of ivory—including ivory that has been in the lawful possession of U.S. citizens for generations. There are those who feel that banning the trade of ivory already in the U.S. amounts to an unlawful taking and will only increase demand for ivory on the black market.

Why do you feel that banning all U.S. commercial trade of ivory will save elephants?

Answer: We believe a substantial amount of elephant ivory is illegally imported and enters the domestic market. It is extremely difficult to differentiate legally acquired ivory from ivory derived from elephant poaching. Our criminal investigations and anti-smuggling efforts have clearly shown that legal ivory trade can serve as a cover for illegal trade. As just one example, Service and State officers seized one ton of illegal elephant ivory from two New York City retail stores in 2012. Specific intelligence about illegally imported ivory is rarely available and without it enforcement officers cannot distinguish illegal ivory from legal ivory that already exists within the United States.

By imposing a near total ban on ivory trade in the United States, we can more effectively address the Nation's ongoing role in this trade. In addition, these actions better position the United States to work with other key ivory consumer countries to strengthen control of their domestic markets. These actions are just one component in the broader strategy for combating wildlife trafficking that the President defined in February 2014 by issuing the National Strategy for Combating Wildlife Trafficking (<http://www.whitehouse.gov/sites/default/files/docs/nationalstrategywildlifetrafficking.pdf>). The strategy also includes working with the international community to protect wildlife populations; increased, coordinated law enforcement activity focused on criminal syndicates that are increasingly responsible for wildlife trafficking around the world; and efforts to educate the public and reduce demand for ivory and other illegal wildlife products in consumer countries.

Calvert Q16: The objectives of the President's Task Force on Wildlife Trafficking are nothing if not commendable. Congress has long held the preservation of the African elephant to be a public policy imperative, which is why we passed the African Elephant Conservation Act, ratified the Convention on International Trade in Endangered Species (CITES) and enacted the Endangered Species Act to limit the trade and movement of all threatened and endangered species. However, we are concerned that the Service' recently announced Director's Order, which purports to instruct agency staff to "more strictly enforce" existing rules, actually imposes more severe limitation on the legitimate commercial trade of antique ivory and other endangered or threatened species, and does not advance the cause of elephant conservation or protection of

other species. More worrisome still is the apparent lack of clarity about the process by which the USFWS is proposing to implement these drastic changes, and concerning whether there will be sufficient opportunity for public comment and debate. We are hopeful that the Department can provide some further clarity on FWS's process.

What is the understanding of Department/USFWS as to the rationale behind Directors Order 210 to more strictly enforce, and in effect materially tighten the criteria for the ESA antique exception?

Answer: Under the specific language of the Endangered Species Act (ESA), the import, export and interstate sale (sale across State lines) of listed species or their parts is prohibited without an ESA permit except for items that qualify as "antique." To qualify as antique, the importer, exporter, or seller must show that the item meets all of these criteria:

- It is 100 years or older;
- It is composed in whole or in part of an ESA-listed species;
- It has not been repaired or modified with any such species after December 27, 1973; and
- It is being or was imported through an endangered species "antique port."

Strict enforcement of the ESA applies to items made from Asian elephant, rhinoceros, sea turtle and any other ESA-protected species. The changes are necessary for the Service to protect populations of elephants and other endangered or threatened species that are subject to illegal trade. Poaching and illegal trade have been decimating African elephant and rhinoceros populations in recent years. Traffickers have been claiming that elephant ivory that has been poached and illegally exported from the country of origin is 'antique', sometimes even staining it to make it look old. Strict application of the ESA definition of antique will substantially limit the sale of illegally acquired and fraudulently marketed specimens of ESA-listed species.

Calvert Q17: Director's Order 210 excludes from the antique exception articles that were imported prior to 1982, and articles that were created in the US and never imported, even if they meet all the other requirements for antique, including are more than 100 years old. For example, a piece of American furniture from the 18th century with inlay of a small amount of endangered species material on it would have been perfectly legal to import, export and sell prior to Order 210, but is rendered illegal under the Order.

Does this new interpretation have an impact on existing legacy policy concerning the commercial import, export and sale of articles made with legitimate antique ivory and protected species?

Answer: Director's Order 210 establishes policy and procedures for Service employees to implement the National Strategy for Combating Wildlife Trafficking as it relates to the trade in elephant ivory, rhinoceros horn, and parts and products of other ESA-listed species. Director's Order 210 supersedes all previous policies concerning the June 9, 1989, African Elephant Conservation Act (AECA) import moratorium. Therefore, there is no existing legacy policy in conflict with the current Director's Order. The Service intends to incorporate the content of Director's Order 210 via rulemaking and will publish a proposed rule subject to public input in the coming months.

Calvert Q18: Does the order amount to a material change of policy without the opportunity for public comment?

Answer: Director's Order 210 merely corrects prior policy such that agency actions will be more consistent with the ESA and the AECA. Any "change" is due to prior inconsistent implementation of the plain language of the ESA criteria for the antique exception (16 U.S.C. 1539(h)) as well as the statute's burden of proof standard (16 U.S.C. 1539(g)). The ESA has long required that any person claiming the benefit of a statutory exemption has the burden of proving that the exemption is applicable. Thus, the burden of proof is statutorily placed upon the importer, exporter, or seller to definitively show that an item meets all of the criteria under the exception.

Prior to Director's Order 210, in some instances the agency required a low or inconsistent threshold of proof from importers, exporters, or sellers to show that an item met all of the criteria under the ESA's antique exception. Policy prior to Director's Order 210 resulted in the largely unregulated domestic ivory trade that exists today and provided fertile conditions for illicit trade in illegally acquired ivory.

The Service has met with representatives of musician's groups (including the League of American Orchestras, the American Federation of Musicians of the United States and Canada, Chamber Music of America, and Mondomusica), museum representatives (including the Metropolitan Museum of Art, the Smithsonian Institution, the Jewish Museum, and Virginia Museum of Fine Arts), antiques dealers and appraisers (including Antiques Roadshow), and other affected parties to discuss their concerns and learn in greater detail how they may be impacted by Director's Order 210. In response to some of these concerns, the Service will amend Director's Order 210 in the near term and will continue the rule-making process to include public input (also see the response to question 19).

Since March, the Service has issued permits to the San Francisco Symphony, The Los Angeles Philharmonic, and the Boston Symphony to allow them to travel internationally with their musical instruments containing African elephant ivory. The Service has also issued a permit for a musical instrument manufacturer to travel with his instruments to a trade show and to six other individuals traveling internationally with their musical instruments.

Calvert Q19: What are the Department's plans to undertake notice-and-comment rulemakings?

Answer: All of the administrative actions outlined in the National Strategy for Combating Wildlife Trafficking, including rulemakings that will incorporate the content of Director's Order 210, have been or will be published in the *Federal Register* as proposed rules subject to public comment. The amendments to Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) regulations will be published as a final rule since the Service already published them as a proposed rule subject to public comment.

Calvert Q20: Public USFWS documents have indicated that formal regulatory change would be needed to implement a ban on the interstate sale of African elephant ivory, but it is not clear whether the Department intends to engage in formal process, including notice and comment, with respect to the other, far more wide reaching aspects of its announced Order 210 which instructs agency staff to immediately begin implementing a more restrictive and materially different standard for the antique exception, not just with respect to African elephant ivory but for all protected species material.

What is the status of FWS's work in this area?

Answer: The Service will publish outstanding administrative actions identified in the National Strategy for Combating Wildlife Trafficking, including incorporation of Director's Order 210 into wildlife import/export and ESA regulations, as proposed rules subject to public comment. The Service also notes that because the African elephant is regulated under the ESA via a special rule, the ESA definition of antique is not currently applicable to interstate sale of African elephant ivory. In order to implement the strategy and incorporate the Director's Order 210, the Service intends to revoke or amend the special rule for the African elephant using the rulemaking process which will include opportunities for public comment.

Calvert Q21: What empirical data does the Department have establishing a link between the protection of African elephant and other protected species populations and the trade in antiques?

Answer: Several investigations involving significant volumes of illegally traded elephant ivory have revealed traffickers intentionally commingle ivory obtained from poachers with legally acquired ivory that is already in the United States, including antiques. With respect to antiques, traffickers intentionally disguise ivory from recently poached elephants to appear to be old so that it can be claimed to be antique. Because there is no feasible field test to distinguish legally acquired ivory including antiques from illegally acquired ivory, traffickers are able to launder illegal ivory by entering into the ostensibly legal domestic ivory trade. This enforcement challenge undermines efforts to stop poaching and the illegal ivory trade.

Calvert Q22: Can you explain the justification, thought pattern, and underlying evidence that correlates a broader ban on the sale and movement of antique articles with ivory or protected species with the deplorable act of poaching wildlife?

Answer: Simply put, the world for wildlife has profoundly changed since about 2007, coinciding with economic development in Asia giving large numbers of people disposable income. Just as the worldwide demand for industrial materials, such as copper, have risen, so too have the black market and open market prices for wildlife products, including ivory, to prices beyond what was imaginable only a decade ago, making even small amounts of material precious and valuable. The result has been the loss of many of the world's African elephants over the last decade. Researchers predict that between 2002 and 2011, Africa's forest elephant population declined by approximately 62% and is now less than 10% of its potential size and occupying less than 25% of its potential range.

Scores of Park Rangers and poachers in Africa and Asia have died in armed conflict over mundane items that are the chemical equivalents to our teeth (tusks) and fingernails (rhino horns) in this “war”, as our colleagues in Africa call it. Foreign and domestic “entrepreneurs” are now seeking antique or trophy items that contain relatively small amounts of materials valued for cultural or medicinal reasons to be sold from America’s shelves and attics to sell them primarily to Asian markets. This activity only serves to fuel demand for wildlife products. To combat this activity, the Service joined Kenya, the Philippines, France, China, Chad, and other countries in destroying government stockpiles of confiscated ivory.

Calvert Q23: I am having difficulty, understanding why burdening perfectly legal transactions pre Director’s Order -- such as the furniture example above - would now be illegal and how that serves to protect current wildlife.

What’s the justification for the proposal?

Answer: A substantial amount of elephant ivory is illegally imported and enters the domestic market. It is extremely difficult to differentiate legally acquired ivory from ivory derived from elephant poaching. Our criminal investigations and anti-smuggling efforts have clearly shown that legal ivory trade can serve as a cover for illegal trade. As just one example, Service and State officers seized one ton of illegal elephant ivory from two New York City retail stores in 2012.

By imposing a near total ban on the domestic ivory trade, FWS can more effectively address the ongoing U.S. role in this trade. In addition, these actions better position the U.S. to work with other key ivory consumer countries to more strictly control other markets. These actions are just one component in the broader national strategy for combating wildlife trafficking. That strategy also includes working with the international community to protect wildlife populations; increased, coordinated law enforcement activity focused on the criminal syndicates that are increasingly responsible for wildlife trafficking around the world; and efforts to educate the public and reduce demand for ivory and other illegal wildlife products in consumer countries.

National Fish Hatchery System

The Subcommittee received a letter this week from the Association of Fish and Wildlife Agencies, which represents all 50 State fish and wildlife agency directors, to “alert [us] to a significant direction change in the U.S. Fish and Wildlife Service National Fish Hatchery Program and its associated programs that will have adverse effects on state fisheries programs and regional economies.” The States are referring to the 2013 National Fish Hatchery System Strategic Hatchery and Workforce Planning Report, which specifically ranks in priority order every propagation program at every hatchery around the country. You’ve put the Subcommittee in a bind because your FY15 budget states that some of these programs will be ended but that those details will be determined at a later date. If the Subcommittee funds the FY15 request, somebody’s ox will be gored but we don’t know when or where. That is unacceptable.

Calvert Q24: Please provide the Subcommittee with an FY15 budget estimate that would maintain every program listed in the 2013 planning report.

Answer: The Service supports our original FY 2015 request of \$48.6 million for the National Fish Hatchery System as part of our overall request. At this funding level, closures may be necessary in FY 2015 given fiscal uncertainty and growing operations costs and that the Service will consider input from partners and stakeholders on hatchery operations. At \$52 million, the Service would be able to fund priority propagation programs within the NFHS and move toward a more balanced 65:35 ratio of salaries to other operational costs as identified in *The National Fish Hatchery System: Strategic Hatchery and Workforce Planning Report*. This funding level would also allow us to enhance our work with States, Tribes, non-governmental organizations, and private citizen partners to achieve shared aquatic conservation goals. The Service will continue to pursue efforts to control costs, identify and improve efficiencies, while funding the Service's highest priority aquatic species propagation activities. The majority of any funds above the requested \$48.6 million would be allocated to propagation programs contributing to recovery, restoration, and tribal programs, while improving the salary-to-operational cost ratios.

Calvert Q25: Why is the Service not similarly prioritizing the actions of the rest of its programs—not just the National Fish Hatchery System?

Answer: The National Fish Hatchery System is not the only Service program to have priorities; instead, the Service strives to make the best conservation decisions to achieve its mission within available resources and does so by prioritizing its efforts.

The NFHS has struggled with declining funding for a number of years. Significant increases in operational costs for fish food, fuel for distribution vehicles, and energy costs have contributed to these fiscal challenges. In FY 2012 alone, the NFHS faced a \$2.1 million shortage in overall funding. The Service realized that this approach was not sustainable into the future, and that prior reviews of other Service programs helped those programs operate more efficiently and effectively. As a result, the Service conducted a comprehensive review of the 70 active NFHS propagation hatcheries to meet national aquatic resource conservation needs, operate hatcheries consistent with available funding and without having to borrow from other accounts, identify the highest priority propagation programs, and make informed decisions under a range of budget scenarios. The priorities for the NFHS fish and aquatic species propagation programs reflect the mission of the Service.

Calvert Q26: Please provide the Subcommittee with technical drafting assistance to move the entire Fisheries Program budget into a new account.

Answer: Based on this request, the Service initiated activity to consider creating a new account for the Fisheries Program budget and will provide technical drafting assistance to the Committee.

National Wildlife Refuge Fund

Finding funding for the Payment in Lieu of Taxes (PILT) program has become an annual exercise here in Washington. Lost in this discussion is the National Wildlife Refuge Fund, which is effectively "PILT" for newly-acquired Refuge lands, except that historically Congress has only appropriated about 20 percent of what is rightfully owed the counties for acquired Refuge lands.

Calvert Q27: When the Administration's policy is full funding for PILT, how does the Fish and Wildlife Service manage to fly under the radar and propose to zero out the Refuge Fund?

Answer: The *Refuge Revenue Sharing Act*, as amended, authorizes revenues and direct appropriations to be deposited into a special fund, the National Wildlife Refuge Fund (NWRF), and used for payments to counties in which lands are acquired in fee (fee land) or reserved from the public domain (reserved land) and managed by the Service. These revenues are derived from the sale or disposition of (1) products (e.g., timber and gravel); (2) other privileges (e.g., right-of-way and grazing permits); and/or (3) leases for public accommodations or facilities (e.g., oil and gas exploration and development) incidental to, and not in conflict with, refuge purposes.

The Service proposes the elimination of \$13.2 million in appropriated funding for this program. The mandatory receipts, estimated to be \$8.0 million in FY 2015, collected and allocated under the program would remain. Refuges generate tax revenue for communities far in excess of that which was lost with Federal acquisition of the land. In addition, refuge lands provide many public services and place few demands on local infrastructure. Refuges bring a multitude of visitors to nearby communities and so provide substantial economic benefits to these communities.

Calvert Q28: There's no doubt that National Parks provide local economic benefits too, yet they are included in PILT, and the Administration and Congress agrees that PILT should be fully funded.

Do Refuges generate more local economic benefits than National Parks?

Answer: The Refuge System welcomed more than 47 million visitors in FY 2013. Hunters, birdwatchers, beach goers and others who recreate on refuges also bring money into local economies when they stay in local hotels, dine at local restaurants, and make purchases from local stores. Recreational spending on refuges generates millions of dollars in tax revenue at the local, county, State and Federal level.

Using a sample of Service-owned lands in 92 National Wildlife Refuges, a FY 2011 study (<http://www.fws.gov/refuges/about/RefugeReports/pdfs/BankingOnNature2013.pdf>) reported that 46.5 million visitors provided benefits to local businesses by generating an estimated:

- \$2.4 billion of sales, an increase of 19 percent over 2006;
- \$792 million in salaries, an increase of 21 percent over 2006;
- More than 35,000 jobs, an increase of 23 percent over 2006; and
- Refuge recreational spending generated \$343 million in local, county, State, and tax revenue, an increase of 54 percent over 2006.

National wildlife refuges not only provide public outdoor recreational opportunities that contribute to local economies, but also increase local land values. According to *Amenity Values of Proximity to National Wildlife Refuges*,² prepared by the Center for Environmental and

Resource Economic Policy at North Carolina State University in April 2012, property values surrounding national wildlife refuges are higher than equivalent properties elsewhere.

Calvert Q29: If Congress pursues legislation that packages PILT, LWCF, and Secure Rural Schools, should Congress include the National Wildlife Refuge Fund as well?

Answer: The Department and the Administration would like to work with Congress on a path forward for enactment of a fully funded, mandatory Land and Water Conservation Fund. Consideration of the LWCF authorization in conjunction with the reauthorization of the Payments in Lieu of Taxes program and Secure Rural Schools would provide an opportunity to evaluate the full spectrum of payment programs that seek to compensate local jurisdictions for the support they provide for Federal lands within their boundaries.

Calvert Q30: Please provide the Subcommittee with technical drafting assistance to move the entire National Wildlife Refuge System budget into a new account.

Answer: Based on this request, the Service initiated activity to consider creating a new account for the National Wildlife Refuge System budget and will provide technical drafting assistance to the Committee.

Maintenance Backlogs

I believe there's merit in the argument that the Federal government ought to be taking better care of what it already has before taking on additional financial burden, but I also recognize that "better care" is a subjective call.

Calvert Q31: What are the maintenance backlogs at national wildlife refuges, national fish hatcheries, and other Service-owned facilities?

Answer:

Deferred Maintenance (DM) Backlog by Program as of 30 Sep 2013 (\$ in millions)	
National Fish Hatchery System	167
National Wildlife Refuge System	1,747
Other FWS Programs	0
Total FWS DM Backlog	1,914

Calvert Q32: What are the recent trends of these respective backlogs, i.e. have they been increasing or decreasing?

Answer: The National Fish Hatchery System backlog at the beginning of FY 2014 was 3,015 projects on 1,328 assets for a total of \$167 million. The Refuge System backlog at the start of FY 2014 was 8,484 projects totaling about \$1.75 billion. This total is significantly reduced from a Servicewide total of \$2.9 billion in 2010. This reduction is primarily due to American Recovery and Reinvestment Act (ARRA) funding, cost efficiencies, refined business processes, and disposing of unneeded assets. In 2012, the Fish and Wildlife Service concluded that

condition assessment practices and policies in place at that time were unintentionally producing higher than appropriate deferred maintenance cost estimates for some types of constructed real property. For example, maintenance estimates for our extensive inventory of gravel and native surface roads are a major challenge to properly estimate overall deferred maintenance. The Service is refining its practices and procedures to improve consistency of deferred maintenance cost estimates and their use in budget planning. Significant reductions in the deferred maintenance backlog are resulting from this effort as indicated by the official Servicewide deferred maintenance backlog being reduced from nearly \$2.6 billion at the beginning of FY 2013 to \$1.9 billion at the beginning of FY 2014.

A 5 year history of the deferred maintenance backlog by 4 major categories of assets is in the tables below:

National Fish Hatchery System					
Deferred Maintenance (beginning of FY)(\$ millions)					
<u>Category</u>	<u>FY 10</u>	<u>FY 11</u>	<u>FY 12</u>	<u>FY 13</u>	<u>FY 14</u>
Buildings	44	49	49	53	48
Water Management	34	89	84	83	80
Roads/Bridges/Trails	25	23	25	31	30
Other	57	9	9	11	9
Total	160	170	167	178	167

National Wildlife Refuge System					
Deferred Maintenance (beginning of FY)(\$ millions)					
<u>Category</u>	<u>FY 10</u>	<u>FY 11</u>	<u>FY 12</u>	<u>FY 13</u>	<u>FY 14</u>
Buildings	393	399	408	349	315
Water Management	403	448	409	404	343
Roads/Bridges/Trails	1,510	1,577	1,430	1,356	849
Other	405	282	297	289	240
Total	2,711	2,706	2,544	2,398	1,747

Calvert Q33: If Congress appropriates the requested funding in FY15 for maintenance and construction, will these backlogs increase or decrease?

Answer: Some factors beyond our control influence our ability to say with certainty that we can reduce the deferred maintenance backlog with the level of funding requested:

1. **Our facilities are aging** – As our structures continue to age (many already exceed their expected life-cycle), the difficulty in maintaining them continues to grow. Delaying deferred maintenance projects only exacerbates the problem and causes final repair costs to escalate. For example, delaying a \$6,000 roofing project for a year or two can cause many more thousands of dollars of damages to the interior of a structure; thereby, increasing the total repair cost.
2. **Deferred Maintenance is not a stagnant number** – Scheduled maintenance projects not completed in the year scheduled are added to the deferred maintenance backlog.

Therefore, as we complete projects and remove them from the backlog, other projects which were not completed as scheduled, are being added.

3. **Emergency/Storm Damage repairs can take precedence over planned deferred maintenance projects** – Despite our best efforts to complete projects on the deferred maintenance backlog, fires, floods, storms, or other natural disasters can force us to revise the maintenance priority list in order to address serious health and safety issues that endanger the visiting public, our employees, and the wildlife which we protect in trust for the American people.

Consistent with the DOI “Reduce the Footprint” initiative, our FY15 budget request for facilities focuses on taking care of our existing facilities rather than expanding them. We are working diligently to stretch our available funds to the maximum extent to keep our facilities in reliable operating condition and expect that the FY15 funding request will enable us to keep the DM backlog from growing. A key element of the “Reduce the Footprint” initiative is our commitment to contain the square footage of our building inventory by demolishing an equal or greater number of square feet of building space when we construct new facilities.

Calvert Q34: Do the existing backlogs influence any of the following Service activities: fish production; public visitation; recovery plan implementation; or deferred maintenance and construction?

Answer: Existing backlogs can significantly impact fish production and other activities conducted at National Fish Hatcheries. Aging mission-critical water management assets have, over time, reduced the ability of the Service to produce fish or meet other management needs at the level it once did. Impacts from this aging infrastructure include reduced capacity for some National Fish Hatcheries to provide refugia for priority populations of depleted aquatic species, and to produce fish for recovery and restoration purposes in fulfillment of management plans and targets.

Public visitation at Fish Hatcheries and National Wildlife Refuges can be impacted by deferred maintenance backlogs. Roadways and visitor facilities designed to enhance the visitor experience such as fishing piers, docks, and trails, are sometimes closed to the public when they cannot be maintained to ensure public safety.

The deferred maintenance backlog includes water control structures and other facilities used to manipulate habitat or manage species populations. Therefore, this backlog of needs can ultimately have a direct detrimental impact on management of wetland habitats used by migratory birds as well as on activities required for implementation of endangered species recovery plans.

Existing backlogs and the urgency and importance of projects as they impact our mission are used to develop our 5-year deferred maintenance plan. Although it is not unusual for emergency repairs to take priority over proposed 5-year plan deferred maintenance projects, we do our best to minimize those sorts of changes to our plan.

Budget Allocation

Prior to the Service's budget request for fiscal year 2010, the Service's annual budget request included a table showing amounts allocated and FTE, by State and field/regional/national office, for the previous fiscal year, the current fiscal year, and the upcoming fiscal year.

Calvert Q35: Please provide such a table, by State, office, account, activity, and subactivity for fiscal years 2013, 2014, and 2015. Indicate competitive or contingency funds being held in the regional and/or national office(s).

Answer: The Service's field station list is being reviewed and will be provided to the Committee in the coming weeks. As the Service transitioned to a new Department-wide accounting system in 2010, it was difficult to ensure the accuracy of the report. In addition, the Service has been refining the methodology it uses to reduce workload while increasing accuracy. Due to the timing of enactment of the appropriations bill, it has been problematic to produce an accurate field station list concurrently with the budget request. The Service is working to further refine the data and streamline the process so that the field station list can be provided to the Committee in a timely manner.

Landscape Conservation Cooperatives

Calvert Q36: Please update the Subcommittee on the status of the National Academy of Sciences study as directed in the fiscal year 2014 appropriation.

Answer: The FWS Deputy Science Advisor and the National LCC Coordinator have met with members of the National Academy of Sciences to discuss and develop the scope of work for the review. The Service is in the process of finalizing the contract with the Academy for the review. We expect this review to be completed in fall 2015.

Calvert Q37: You've recognized that the Service has to simplify its management structure.

How do LCCs help with the Service's management structure?

Answer: LCCs simplify the work of Federal agencies, including the Service, and partners by serving as forums to align large-scale conservation efforts. LCCs help identify potential redundancies and opportunities to leverage resources across conservation efforts; share and interpret data; identify regional monitoring and science needs including research and modeling; and evaluate and facilitate decision-support tools.

Calvert Q38: Has the management structure been simplified, or made more complex as a result of the LCC initiative?

Answer: LCCs provide the science, information, and partnerships that are needed for the Service to achieve its mission in the face of climate change and other broad-scale challenges. As such, the LCCs have made it easier for the Service to advance conservation efforts.

Prioritizing Strategies

Calvert Q39: How does FWS incorporate socio-economics into science and budget decisions?

Answer: Socio-economics is defined as a study of the interaction of social and economic factors. The Service takes socio-economics into consideration in many ways. For example, the Service is interested in conserving species and landscapes while also accommodating population growth and the resulting increased economic activity. In the FY 2015 budget the Service is requesting increased resources for Planning and Consultation, to provide more capacity to approve development projects, including energy facilities, housing developments, commercial installations and community development plans that require HCPs or other ESA compliance. These resources are requested because the Service is under increased demand, with the growing economy, to provide timely answers and technical assistance with these projects.

In addition, the Service has requested increases in other areas to help with social and economic problems. For example, the Service has requested additional resources for Asian carp and other invasive species. The most widely referenced paper (Pimental et al. 2005) on this issue reports that invasive species cost the United States more than \$120 billion in damages every year. That is a serious issue that has both economic and social impacts. The Service believes that the best method of fighting invasive species is to stop their spread, and preferably to catch them before they are established. Successful attempts at fighting invasive species require funding, but the funding needed to prevent establishment is a small percentage of the funding that would be required once invasives are present.

Escalating poaching and increased trafficking threaten wildlife species around the globe, including African elephants and rhinos. Successfully addressing this crisis requires actions in both the source countries and in the countries where demand for wildlife products drives poaching and illegal trade. The Service has requested additional funding for working with key countries, such as Vietnam, China, Malaysia, and the Philippines where demand for illegal wildlife products is high, to mobilize their private sectors in support of demand reduction campaigns. The Service believes there are numerous potential new partners in the private sectors of these countries with whom we can work to substantially change local attitudes and behaviors to dramatically reduce demand. This request arose out of an examination of socio-economic factors leading to wildlife poaching.

There are many other examples we could provide of how the Service uses socio-economic information and analysis in its decision making. It is a key part of how we need to look at many questions.

Calvert Q40: How is your workforce changing to incorporate this into your decision making when it's time to set priorities?

Answer: The Service is changing its workforce as current employees retire to create more vacancies for people coming out of college programs with a more modern mix of skills. Not only does the Service need biologists who are well versed in modern biology, including genetics, population and habitat modeling, and microbiology, but we also need people with backgrounds in economics, sociology, communications and administration. To shape a workforce that can respond to today's challenges, we need abilities across a broad spectrum of specialties.

Questions from Mr. Cole**American Burying Beetle**

On April 15, 2013, the Director of the Oklahoma Department of Wildlife Conservation Richard Hatcher sent you a letter asking for the Service to update the outdated recovery plan for the American Burying Beetle, a species that has been listed since 1989 as endangered and was at that time only found in Latimer County, Oklahoma and in Rhode Island, but is now thriving in the eastern third of Oklahoma. The Service's 1991 recovery plan for this beetle says the species will be recovered when sustainable populations of 500 are found in three of four areas between the Rocky Mountains to the Atlantic Ocean. Today it is conservatively estimated that there are at least 10,000 of these beetles in Oklahoma, with multiple counties having more than 500. Yet, the Service, in 2012, took away all mitigation options, such as bait away or trap and relocated, under which the beetle thrive.

Cole Q1: To date, Director Hatcher has received no response of any kind to this letter. When will you be providing a response to his request?

Answer: Director Hatcher's letter of April 15, 2013 was addressed to the Ecological Services Field Office in Tulsa, Oklahoma. Changes in personnel in this office have delayed the Service's response to Director Hatcher's letter. The Service plans to respond to Director Hatcher's letter by May 16, 2014.

Cole Q2: When will the Service begin the update of the conservation plan for the American Burying Beetle and how long will it take to update?

Answer: The Service's priority within the past year has been to provide an incidental take vehicle through a permit to allow industry to move forward with economic development while also providing for conservation of the species.

On April 16, the Service announced the availability of a plan to streamline the ESA permitting process for oil and gas activities that may impact the American burying beetle in Oklahoma. The public, industry and scientific community are encouraged to review and comment on the proposed Industry Conservation Plan (ICP) for the American burying beetle, as well as the draft environmental assessment during the public comment period.

The proposed ICP would cover take of the ABB that is incidental to activities associated with oil and gas exploration and the construction, operation, maintenance, repair and decommissioning of oil and gas pipelines and related well fields. If approved, the ICP would provide oil and gas operators the ability to proceed with projects in covered counties while conserving the American burying beetle and its habitat.

Cole Q3: Will the end goal of this update be to remove the American Burying Beetle from the Endangered Species List?

Answer: The Service's objective for any listed species is to remove the threats to the species and remove the species from the list.

Cole Q4: Why did the Service pull the mitigation options that have now caused millions of dollars in development delays at a time when the species was thriving?

Answer: Trap and relocate and bait away techniques were never intended as mitigation, but as a means to avoid take of ABB. Bait away is a technique that was designed to remove all ABB from small scale project sites. It later became widely used and applied to large scale projects across the western portion of the ABB range. After research was provided to the Service in 2006 (Snethen and Hoback 2006) that demonstrated bait away resulted in harm to the ABB, the Service discontinued use of the technique in a majority of the States where it was used.

The Service has similar concerns regarding the trap and relocate technique. The Service is working with multiple university researchers to closely examine the trap and relocation technique and its impact on the ABB. As soon as this information becomes available, the Service will reevaluate use of this technique in light of any new findings.

Cole Q5: I understand that the Service is working on a "General Conservation Plan" or GCP to allow for some mitigation options to be brought back. When this first started it was estimated that the plan would be in place by mid-2014, however as of now no product has been put out even in draft. To add to this frustration, we now understand that this process has been delayed, but the Service is committing resources to an interim GCP. Why would the Service focus its work on an interim GCP rather than just putting together the GCP?

Answer: The Service proposed the development of a GCP to streamline the incidental take permit process. This effort was delayed due to a need to evaluate new science related to ABB. When the GCP effort was resumed, there was a concern that the timeline to meet all regulatory and statutory requirements of the GCP process would leave industry without incidental take permits for the 2014 ABB active season. In response to industry concerns, the Service proposed a short-term and limited scope GCP that could meet all regulatory and statutory requirements, and be prepared in less than six months. This short-term GCP is currently available for public review and comment and will cover both the 2014 and 2015 ABB active seasons. If there are no major concerns identified during the public review period, the Service anticipates issuing incidental take permits under the short-term limited GCP by mid-June 2014.

Cole Q6: When will the work begin on the actual final GCP and when will it be released? Will it contain mitigation options that are vital for economic development in Oklahoma and similarly situated rural areas?

Answer: The Service intends to resume work on the long-term GCP by late July, 2014. The Service anticipates issuing a draft long-term GCP and draft EIS for public review in January, 2015. The Service welcomes input on mitigation options that address conservation needs and are consistent with economic needs. The Service plans to complete the long-term GCP by the end of calendar year 2015. This will provide adequate time for industry to obtain permits under the long-term GCP for the 2016 active season, when the short-term GCP permitting period expires.

Questions from Mr. Simpson**Slickspot Peppergrass**

Simpson Q1: What is the status of slickspot peppergrass? It seems to me like the monumental efforts being put for by the State of Idaho and other players on sage-grouse conservation would also benefit slickspot peppergrass. Can you speak to how the Service is taking those efforts into account as it looks at whether this plant warrants listing?

Answer: The Service is proposing to reinstate threatened status for the species and designate critical habitat. At the request of the Governor's Office of Species Conservation, within the next few weeks, the Service will announce the reopening of the comment period on reconsideration of the final rule to list slickspot peppergrass as a threatened species throughout its range, and issue a revised proposed rule to designate critical habitat for slickspot peppergrass. The comment period for both actions will be open for 45 days.

Many of the conservation measures being proposed by the State of Idaho, as well as the Bureau of Land Management, will benefit the sagebrush steppe ecosystem and the endemic species that rely upon that ecosystem. The primary threat factors for slickspot peppergrass and greater sage-grouse in Idaho are the altered wildfire regime (increasing frequency, size, and duration of wildfires) and invasive nonnative annual grasses.

There is some overlap of sagebrush steppe habitat where both species are known to occur in Idaho where conservation measures for sage-grouse may also benefit slickspot peppergrass. For example, there are two Rangeland Fire Protection Associations that have been established in southern Idaho where both species occur. The Service will consider and evaluate conservation measures where the two species overlap as part of the process to issue a final listing rule for slickspot peppergrass.

Aquatic Animal Drug Approval Partnership program

Simpson Q2: Can you tell me why the Service is proposing to defund the Aquatic Animal Drug Approval Partnership program?

Answer: The Service's FY 2015 budget request maintains FY 2014 funding levels for the Aquatic Animal Drug Approval Partnership (AADAP) Program. For many years, the Service has worked under interagency agreements with the States and other Federal agencies to help recover the costs associated with the aquatic species drug approval process. In addition, the program also benefits from cost-reimbursable dollars generated by the National Investigational New Animal Drug (INAD) Program, as well as research grants from other agencies. In FY 2013, working hand-in-hand with many of its partners, the Service increased efforts to make AADAP an even more self-sufficient program. The AADAP program furthered its efforts to obtain funding from research grants and reevaluated INAD fees, unchanged since 1999, to recover a larger percentage of the cost of providing these services.

Questions from Mr. Valadao**Sacramento - San Joaquin Bay/Delta**

Valadao Q1: California is facing one of the worst droughts in recorded history. Farmers are fallowing fields and many of my constituents will be losing their jobs due to lack of water availability. Currently, the Sacramento-San Joaquin Delta is experiencing what could be the last significant storm flows of the season. The pumps that deliver water south to my constituents have a total physical capacity of nearly 30,000 acre feet per day. Among the factors limiting pumping are the Biological Opinions (BiOps) issued by your agency and the National Marine Fisheries Service. What is the total amount being pumped daily under the current BiOps? Please provide this committee with a record of how much water has been pumped daily since the beginning of the calendar year and identify each day where either the FWS or NMFS BiOps were the factor limiting pumping.

Answer: Please see the attached for water pumped each day in 2014 by the Federal Central Valley Project. Note that this table does not include the additional volume pumped by the State's Water Project. The amount restricted by the Fish and Wildlife Service (FWS) or the National Marine Fisheries Service (NMFS) is not identified since the critically dry hydrology year has been the controlling factor. Operation of the Federal Jones Pumping Plant and State's Banks Pumping Plant are being coordinated in April to offset effects to San Joaquin River steelhead. The majority of exports for the Federal and State project are being exported through the CVP's Jones Pumping Plant to the extent possible, as fish loss is lower at the CVP facility. Actual pumping at the Jones Pumping Plant was higher than shown in the table because the table only shows the amount of Federal water exported.

2014

January

Federal Delta Pumping,	
Day	AF
1	1,589
2	1,588
3	1,584
4	1,589
5	1,585
6	1,581
7	1,580
8	1,581
9	1,580
10	1,574
11	1,580
12	1,584
13	1,578
14	1,597
15	564
16	421
17	421
18	421
19	421
20	421
21	421
22	421
23	421
24	429
25	421
26	1,503
27	945
28	487
29	492
30	523
31	498

February

Federal Delta Pumping,	
Day	AF
1	492
2	498
3	509
4	499
5	499
6	490
7	480
8	504
9	1,604
10	1,594
11	3,181
12	4,501
13	5,140
14	5,133
15	5,141
16	5,150
17	5,173
18	5,160
19	5,167
20	3,917
21	3,400
22	3,402
23	2,131
24	1,582
25	1,588
26	1,587
27	1,597
28	1,640

March

Federal Delta Pumping,	
Day	AF
1	1,609
2	2,891
3	4,136
4	4,853
5	5,695
6	6,570
7	6,540
8	6,547
9	6,338
10	6,598
11	6,492
12	6,666
13	6,657
14	5,427
15	5,735
16	6,621
17	6,635
18	6,645
19	6,637
20	5,461
21	2,873
22	1,985
23	1,983
24	1,979
25	1,991
26	1,992
27	1,718
28	1,588
29	1,595
30	1,597
31	1,595

April

Federal Delta Pumping,	
Day	AF
1	1,387
2	2,124
3	2,142
4	2,130
5	2,121
6	2,129
7	2,118
8	2,134
9	2,124
10	2,111
11	2,124
12	2,130
13	1,811
14	1,667
15	2,934

Valadao Q2: In March, I joined with Chairman Calvert, other members of the San Joaquin Valley delegation and Senator Feinstein in sending your boss, the Secretary of the Interior, and the Commerce Secretary a letter urging them to use all of their power to pump the “maximum amount of water” from late March’s storms. The scheduled pumping on the day of the hearing was about 10,000 acre feet per day. Is less than 1/3 of the pumping potential the best you can do? Do you consider 10,000 acre feet of water per day to be the “maximum amount of water”? Can you tell us, specifically, what the damage to fish populations would be if 50% of the water flowing into the Delta during the storm was pumped?

Answer: The Bureau is limited in the amount of pumping possible, given the critical dry conditions. Approximately 8,800 acre feet is the maximum pumping per day at the Federal facility. It is not possible to speculate on the damage to fish if 50 percent of the water flowing into the Delta was pumped.

Valadao Q3: Many of my constituents believe that managing the Delta under the previously issued 2004/2005 BiOps would help our current situation by allowing more water to be pumped out of the Delta to the families and communities in need. Would the 2004/2005 BiOps give you more flexibility to allow additional pumping out of the Delta? Given the current hydrology, how much more water could have been pumped daily out of the Delta since the beginning of the year under the 2004/2005 BiOps? How does this compare to the current, 2008/2009, BiOps? Please submit a daily comparison for the record.

Answer: The area is in a critical year due to the extreme drought. The hydrology of this extreme situation controls much of the operations. It is not possible to compare what would have been pumped under the 2004/2005 BiOps to the current, 2008/2009 BiOps due to the operational constraints of the current hydrology.

Valadao Q4: The 2008/2009 BiOps have been the subject of much scientific scrutiny, criticism and litigation and a lot of time has passed since they were issued. Has anything about the project description you analyzed in 2008 changed?

Answer: In 2014, the 9th Circuit Court of Appeals ruled the Service 2008 Biological Opinion (BiOp) valid in all respects. The U.S. Bureau of Reclamation (Reclamation) has reinitiated consultation of the Service’s 2008 BiOp with minor Water Year (WY) related updates to the project description. Additionally, this WY, Reclamation has reinitiated consultation under the drought provisions of the Service’s 2008 BiOp several times due to requested changes to State water quality requirements that are part of the 2008 project description and baseline for the delta smelt effects analysis.

Valadao Q5: Has your understanding of the science changed since 2008? Taking new information into account is imperative to ensuring we are managing the Delta with the best science available. Does the U.S. Fish and Wildlife Service intend to use the newly available science to issue new BiOps governing Delta Operations?

Answer: New data, analyses, and research has been undertaken and published since 2008. In meeting its obligations under the Endangered Species Act (ESA), the Service will use the best

available scientific and commercial information, including new information that has become available since 2008.

Valadao Q6: Aside from water exports, what other stressors upon fish abundance has your agency identified? What are you doing to address those stressors?

Answer: The Service has been working with other Federal and State agencies, academic institutions, and stakeholders to better understand the ecology and management of delta smelt for more than two decades. In fact, Service support for research delving into the full spectrum of factors affecting delta smelt has been an important factor in the public awareness of the existence of other stressors.

The most recent broad-scale analysis of factors driving delta smelt abundance, the Management, Analysis, and Synthesis Team (MAST) Report, was developed by the Interagency Ecological Program (IEP); a consortium of State and Federal agencies with Bay-Delta responsibilities that includes the Service, Reclamation, U.S. Geological Survey, National Marine Fisheries Service, the Environmental Protection Agency, U.S. Army Corps of Engineers, California Department of Water Resources, and the California Department of Fish and Wildlife. The MAST Report (release pending in 2014) summarizes information and scientific studies pertaining to more than a dozen factors (referred to by the IEP investigators as “attributes and drivers”) that may affect delta smelt abundance within the Bay-Delta ecosystem. A subset of these attributes and drivers can be appropriately characterized as “stressors.” These stressors may strongly interact with one another and with other attributes and drivers, and may affect the delta smelt population differently depending on season, hydrology, or other circumstances.

Broad stressor categories include:

- Competition from non-native fishes and food web changes that have resulted in low food availability for smelt;
- Direct entrainment and related indirect effects of water project operations and other water diversions, including changes in the location of the salinity field;
- Rip-rapping and other physical changes that have contributed to loss of habitat, habitat value, and seasonally high water temperatures; and,
- Environmental contaminants and toxicity, and harmful algal blooms.

The Service is involved in many activities that are intended to address other stressors to benefit delta smelt and other species, including restoration of tidal marsh habitats, establishment of conservation banks, control of aquatic invasive plants, strengthening water quality criteria, and improving fish monitoring.

Valadao Q7: What improvements has your agency explored in regards to the monitoring of threatened species in the Sacramento- San Joaquin Delta? When will those improvements be ready to implement?

Answer: The Service is engaged on an ongoing basis with Federal and State partners to evaluate and improve monitoring methodologies through the Interagency Ecological Program. The Service has proposed a package of studies that includes investigation of the efficiency of

sampling gears used to monitor this species, and additional, penetrating studies of the distribution of larval, juvenile, and adult delta smelt. The Service is also collaboratively working on a life cycle model for delta smelt to better integrate the available historical data and more clearly define the effects of entrainment, habitat effects, and other stressors on the species.

Valadao Q8: Recently, a federal judge found that the government violated the NEPA process when issuing the BiOps that currently govern Delta pumping operations. It is my understanding that although the BiOps will remain in place, the NEPA process will have to be initiated and completed on these existing BiOps. Undertaking the NEPA process will likely uncover new data not available when the 2008/2009 BiOps were originally issued. Does the U.S. Fish and Wildlife Service intend to use the newly available information to issue updated BiOps governing Delta Operations? It seems that taking new information into account is imperative to ensuring we are managing the Delta with the best scientific methods available.

Answer: In 2014, the 9th Circuit Court of Appeals ruled the Service 2008 Biological Opinion (BiOp) valid in all respects and the Service is not required to initiate a new NEPA process on the 2008 BiOp. In meeting its Section 7 obligations under the Act, the Service will use the best available scientific and commercial information, including information that has become available since the issuance of the 2008 Biological Opinion. Whenever the Service issues a new operations biological opinion, the most recent information available is considered.

Valadao Q9: On April 1, the San Joaquin River Exchange Contractors Authority and the Friant Water Authority sent Mr. Ren Lohoefer in your Sacramento Office a letter expressing their concern that they have not been provided solid scientific data that the 2014 Delta pumping operations are having a significant impact on protected fish. I understand that since February 1 efforts to provide real-time monitoring of protected fish and the impacts of 2014 pumping operations in the Delta have been ongoing; however, none of the data from the monitoring efforts have been made public. When does the U.S. Fish and Wildlife Service plan to make the data available to the public? I understand that your agency and others will soon be making decisions that will impact continued pumping operations in the Delta. Will the monitoring data collected since February 1 be included in your record of decision as a basis for your decision making?

Answer: To date in Water Year 2014, there have been no determinations made under the 2008 BiOp by the Service for more restrictive water operations for the protection of delta smelt. Hence, there have been no curtailments, pumping limits, or other restrictions on project operations to protect delta smelt in this water year. Monitoring data collected this year is made available to the public through regularly scheduled weekly meetings that include Federal and State agencies, water contractors, and non-government organizations. The Smelt Working Group (SWG), which provides the Service with advice regarding the catch data from the early warning study, as well as other biological and physical monitoring data, holds regular meetings. The data are reported in the SWG meeting notes and posted weekly to the Service's Bay Delta Fish and Wildlife Office webpage: (http://www.fws.gov/sfbaydelta/cvp-swp/smelt_working_group.cfm).

California is entering its third dry year in a row. In fact, 2014 is second-driest year in history. We're in an extreme drought, a natural phenomenon over which we have no control. We can't make it rain or snow to suit our needs, and so not all of our water needs will be met this year. That's just a fact of nature.

We are also experiencing a water shortage in California that is not a natural phenomenon. The water that is available during this drought is not being used to meet needs that could be met. We do have control over how that water is managed. Your agency in particular has control over how we manage what little water we have this year. Many of my constituents have expressed concerns that you are mismanaging our water resources by imposing regulatory requirements that benefit neither the environment nor the farms and cities of California. They are frustrated because they see current environmental management practices in the Delta wasting vast amounts of water for no reason, or at least no reason that can be justified or explained in a way that meets the standards of law or of common sense.

I understand that you have a duty to carry out the law, in this case the Endangered Species Act. While I believe that law is in dire need of reform, we're clearly not going to do that today. I also acknowledge that federal and state fishery agencies charged with carrying out the ESA have worked hard to allow some additional water to be pumped from California's Delta to the farms and communities they serve.

And I'm not suggesting that we can simply ignore the law and abandon the protected species in the Delta; however, I am consistently hearing concerns that your agency is being deliberately inflexible in applying the ESA when the law, flawed as it is, gives you the flexibility to meet human needs and protect the Delta's fishery. Many are concerned you are ignoring the hard, irrefutable fact that only a tiny percent of salmon and smelt have been found near the Delta pumps. They are frustrated because you continue to insist on maintaining very precise and economically damaging pumping restrictions you claim provide unquantifiable benefits to fish you're not sure are there, in order to prevent harm that you can't describe or prove is taking place. In fact, fish salvage numbers at the pumps indicate that little to no harm is taking place.

Given the recent rains in California, I believe that with a little more common sense, and a little less fear of litigious interest groups, your agency could have made the decision to pump far more water to farms and cities and still provide robust safeguards for listed species.

The best available data show that take of protected salmon and smelt at the Delta pumps has been nonexistent or negligible this year. Yet, your agency is mandating that pumping levels be kept low while hundreds of thousands of acre-feet of water flow out to the sea leaving dried up farms in the Central Valley.

We know with certainty that for every thousand acre feet of water supply lost, such water could have kept 650 acres (one square mile) of citrus trees alive or 400 acres in full production. The economic loss to replace an acre of citrus and the 3 to 5 years of lost crop production ranges from \$40,000 to \$80,000 per acre. As a result, the loss of 1,000 acre feet of water supply has a cost of \$16,000,000 to \$32,000,000. The loss of 100,000 acre feet could result in over a \$1 billion impact. People will lose farms and agriculture related jobs. Communities will suffer. To

date, there seems to be little to no take of smelt or salmonids at the pumps, even with increased pumping following storage events.

Valadao Q10: What quantifiable benefits will the fisheries derive from your policy decision to give them extra water? We know the costs to communities of losing 1,000 acre feet of water, but what are the quantifiable benefits of those 1,000 acre feet? What are the impacts to the fish of concern as a result of 1,000 acre feet less outflow to the ocean when there is in excess of 14,000 acre-feet per day of outflow? What scientific data do you have that supports your answer?

Answer: The current reduced outflow from natural hydrologic drought has negatively impacted many fish species, including delta smelt, for which the 2013 California Department of Fish and Wildlife fall midwater-trawl delta smelt index was 18. For reference, the lowest index on record is 17 and was recorded in 2009. There have been no determinations made by the Service requiring more restrictive water operations this Water Year for the protection of delta smelt.

Valadao Q11: Is monitoring being conducted, or could monitoring be implemented, to validate impacts of water diversions or their lack thereof? What other evidence supports the estimate of impacts?

Answer: The Service and its partners conduct a variety of long-term monitoring studies and modeling to assess risks and effects to delta smelt. Monitoring and modeling, including both biological modeling and physical modeling of Delta conditions, are the primary means of assessing water project impacts to Delta smelt. This year, the Service has supplemented the normal monitoring regime with a special early warning study for adult delta smelt.

Valadao Q12: In making your policy decision to restrict pumping and to effectively dedicate water to the fisheries, did you consider the extent of agricultural acreage that would be lost, the amount of permanent plantings that would be taken out of production, the extent of crops that would be fallowed, the amount of unemployment that could be caused in the region, or the impacts that would befall farm workers and disadvantaged communities? In developing Biological Opinions and Reasonable and Prudent Measures under the ESA, do you take into account the economic impacts associated with your decisions?

Answer: The purpose of issuing biological opinions (BiOps) and Reasonable and Prudent Measures within our BiOps, under the ESA, is to ensure avoidance of the likelihood of jeopardy to listed species and/or adverse modification of their designated critical habitat. Analysis under Section 7 of the ESA differs from National Environmental Policy Act (NEPA) analysis in that economic factors are not included as part of the ESA analysis. While working with the Action Agency in the development of potential Reasonable and Prudent Alternatives (RPA), the Service does, however, take into account whether the RPA is economically and technologically feasible for the Action Agency to implement. The 2014 decision by the 9th Circuit Court reiterated the requirements under Section 7 consultation and upheld that Section 7 analysis under the ESA does not require assessment of economic impacts of the Action Agency's project or implementation of the RPA.

Valadao Q13: When and where will the salinity control barriers be placed? What actions is your agency taking to expedite the approval process? What analyses has your agency done to determine how water quality will be impacted with and without the barriers?

Answer: Decisions regarding when and where to deploy salinity control barriers will be made by the State of California Section 7 consultations which have already been initiated with the U.S. Army Corps of Engineers (USACE), and the Bureau of Reclamation. USACE and Reclamation provided the Service with effects analyses and the Service is currently working with them to refine these analyses.

Valadao Q14: Recent storms have improved the amount of water stored in the Shasta and Oroville reservoirs. Water storage levels are now higher than in the historic drought of 1977. In 1977, the Exchange Contractors received their contractual allocation of 75% and South of Delta contractors received a 25% allocation, both entirely from the Delta. The Friant Division got 187,000 acre feet (23% of Class 1 supply). Currently, the Exchange Contractors are expecting a 40% allocation, including using all water from the San Joaquin River. All other Federal Contractors are at 0% allocation. Why is it that Shasta Lake currently has approximately 1,000,000 acre-feet more water in storage than it did in 1977 and yet every federal water contractor is scheduled to receive less water than they did in 1977?

Answer: There was no requirement for carryover storage in Central Valley Project (CVP) facilities in 1977 and there were no listed species at the time. That is not the case anymore. The amount of Shasta storage at the end of September 1976 was 1.3 million acre feet, compared to the end of September 2013 at 1.9 million acre feet. The Shasta storage at the end of August 1977 was 578,000 acre feet. There were no comprehensive Delta water quality or salinity standards in place in 1977 from the State Water Resources Control Board. Carryover storage is needed for the current water quality and salinity standards and in-stream flows to support export levels in the Delta.

Valadao Q15: Are you aware that the Sacramento River Settlement Contractors and the Exchange Contractors have senior water rights and that their water supply is not part of CVP yield? Are you aware that Reclamation cannot develop CVP yield for it to manage unless it fulfills the senior water rights? Did you take those facts into consideration in developing the scope of your consultation with Reclamation? Has your agency recommended holding water in storage in the reservoirs? The senior water rights holders did not request consultation with your agency, is that correct? What is the justification for holding water that belongs to the senior water rights holders in storage when their senior water rights have not been satisfied? What biological benefits will be provided by the Government seizing the senior water rights holders' water supply and holding it upstream? How were those benefits determined and how can they be substantiated?

Answer: Reclamation is aware that the Sacramento River Settlement Contractors and Exchange Contractors have senior water rights. Reclamation provides water to the settlement and exchange contractors before it allocates CVP water to water service contractors. Reclamation is the Federal nexus in the Endangered Species Act (ESA) Section 7 consultation on CVP operations. The NMFS biological opinion is the source of the carryover requirements.

Reclamation, not the senior water rights holders, is required to consult under ESA Section 7 on CVP operations. The senior water rights are entitled to divert water starting April 1 from the natural flow in the river.

On April 18, Reclamation increased the water supply available to the Sacramento River Settlement contractors from 40% to 75% of contract totals. Reclamation also increased the allocation to north of Delta refugees from 40% to 75%. Additional changes to the CVP water supply and allocation may be made later this month. We are still reviewing the latest runoff forecasts and incorporating information into our operations model.

Reclamation will continue to update the water forecast with the latest hydrology to see if it is feasible to improve allocations to the senior water rights holders.

Valadao Q16: The Administration's 2015 budget request includes a total of \$52.1 million in federal funds for implementation of the San Joaquin River Restoration Program, of which \$34 million are appropriated dollars. The 2014 Annual Work Plan estimates the State of California budgeting \$22.8 million for the Settlement Program in FY15, bringing the total federal-state FY15 budget for implementation to \$ 74.9 million. That is significantly below Bureau of Reclamation's 2012 framework for implementation of the Settlement, which assumed a total FY15 federal-state budget of \$133 million. FY14 funding levels were also significantly below those called for in the implementation plan, and all of the major construction projects are far behind schedule and virtually impossible to get back on track with the original Settlement dates.

Regardless of how one views the merits of the Settlement, it's obviously a program whose funding projections and timetable are in need of serious adjustment. Unrealistic implementation and funding schedules do not demonstrate program achievements and reduce program credibility. I understand that the Bureau is preparing a revised implementation plan for the Settlement, which may be released soon.

Because the plan involves the restoration of river flows to promote salmon recovery, has the U.S. Fish and Wildlife Service been involved in drafting the implementation plan? Will that revised implementation plan be based on realistic timelines and funding reflective of the program's appropriations history so that the plan's projections can provide a foundation for a thoughtful reassessment of the Settlement?

Answer: The Service, along with the other Federal and State agencies involved in the San Joaquin River Restoration Program, is participating in the Bureau of Reclamation's revision of the 2012 framework for implementation of the Settlement. The Bureau of Reclamation is currently working with the parties to the Settlement to revise the framework to reflect an anticipated rate of future appropriations for the Program. This update is in progress and is expected to be completed this year. This revised Framework will address how long it will take to complete the needed channel improvements, other restoration activities, and water management actions at the current level of appropriations and an anticipated rate of future appropriations.

Valadao Q17: Mr. Ashe, during questioning at the hearing, you stated that you believed pumping by the federal Central Valley Project and State Water Project is the greatest stressor of Delta smelt. However, in its submittal to the State Water Resources Control Board's 2012 Science Workshop 1, the USFWS made the following statement:

Page 14: "[C]urrently published analyses of long-term associations between delta smelt salvage and subsequent abundance do not support the hypothesis that entrainment is driving population dynamics year in and year out (Bennett 2005; Manly and Chotkowski 2006; Kimmerer 2008; Maunder and Deriso 2011)."

Upon what information do you base your statement at the hearing?

Answer: There is no contradiction between these statements. The document referenced is "Technical Staff Comments to the State Water Resources Control Board re: the Comprehensive (Phase 2) Review and Update to the Bay-Delta Plan." The referenced paragraph speaks to the population-level effects of winter exports on delta smelt. While this paragraph does state that entrainment is not driving population dynamics "year in and year out," the same paragraph states that "delta smelt entrainment can be characterized as a sporadically significant influence on population dynamics."

Valadao Q18: If the USFWS recognizes that a number of published analyses have failed to find an association between salvage and of Delta smelt abundance, upon what information is your agency basing its requirements to restrict the Projects' pumping?

Answer: The Service is charged with considering and assessing the various sources of scientific and other information in developing biological opinions. There are conflicting findings in the literature that underscore the need for focused effort to find clear answers. However, in formulating its findings, the Service must consider the full universe of available information and decide which of that information represents the best available scientific and commercial information.

Valadao Q19: Section 4 of the Endangered Species Act requires your agency to prepare species recovery plans unless you find a recovery plan will not promote the recovery of the species. In 1996, the Fish and Wildlife Service published the recovery plan for Delta smelt, which the Service acknowledges is outdated. Does the Fish and Wildlife Service now believe a recovery plan will not promote the recovery of Delta smelt? If not, why hasn't your agency updated the Delta smelt recovery plan in nearly 20 years?

Answer: With the publication of the 1996 recovery plan for the Sacramento-San Joaquin Delta Native Fishes, the Service met its Section 4 obligation to publish a recovery plan for the delta smelt. Nevertheless, plan revision is in progress which is incorporating new information that has become available since the publication of the original plan.

Valadao Q20: Section 4 also requires you to report to the Senate Committee on Environment and Public Works and the House Committee on Merchant Marine and Fisheries on the status of efforts to develop and implement recovery plans every two years. Will you please provide my

office with every report the USFWS has submitted to these Committees describing the implementation of the Delta smelt recovery plan?

Answer: Section 4(f)(3) of the Endangered Species Act of 1973, as amended, requires the Secretary of the Interior to report to Congress at 2-year intervals on the status of all species for which recovery plans have been developed, and on the progress of efforts to develop and implement recovery plans for other species. The Recovery Report to Congress covers the status of development and implementation of recovery plans for listed endangered and threatened species as well as the status of listed species. These reports represent the success of the Service's efforts, in cooperation with our partners, to recover those species under our jurisdiction and those the Service manages jointly with the National Oceanic and Atmospheric Administration's Fisheries Service. The Service finalized the Recovery Plan for the Sacramento-San Joaquin Delta Native Fishes in 1996, and the implementation of the recovery plan has been reported in six reports to Congress, spanning 1997-2010. These reports are included with this response. Additionally, the Service maintains a website "Environmental Conservation Online System" (www.fws.ecos.gov) that houses a database for listed species. ECOS contains a status report on implementation of delta smelt recovery actions, and that report is also provided.

Valadao Q21: An array of independent science panel reports issued over a span of years have identified a number of stressors adversely impacting the abundance of Delta smelt. Please describe all actions taken by your agency to address these other stressors. Also, please provide a listing of all permits and/or biological opinions issued by the USFWS relative to activities that may adversely affect Delta smelt or its habitat.

Answer: The Service addressed the role of other stressors in the 2008 biological opinion on Central Valley Project/ State Water Project operations. The Service's involvement in actions relating to other stressors has expanded since 2008, and is summarized in the response to question six. The Service is compiling a list of permits and biological opinions relative to activities that may affect delta smelt or its habitat and will provide this information to the Subcommittee.

FRIDAY, APRIL 4, 2014.

BUREAU OF LAND MANAGEMENT

WITNESS

NEIL KORNZE, PRINCIPAL DEPUTY DIRECTOR

OPENING REMARKS OF CHAIRMAN CALVERT

Mr. CALVERT. The Committee will come to order.

Good morning, and welcome to the Subcommittee's hearing on the President's fiscal year 2015 budget for the Bureau of Land Management. I am pleased to welcome Neil Kornze, Principal Deputy Director and the President's nominee for the next Director.

The President's fiscal year 2015 budget proposal for the BLM is roughly \$1.06 billion in discretionary appropriations, which is \$13.5 million, or 1.3 percent below the fiscal year 2014 enacted level. The most notable changes to the budget agreed upon for fiscal year 2014 include the following, in my opinion.

The proposal includes a \$4 million cut to the Rangeland Management program and new fees to shift a portion of the grazing permit administration costs to ranchers—same as last year. The large backlog of grazing permit applications has been a concern of this Subcommittee for some time now, as have fair costs to the taxpayer. While I am willing to engage in a discussion of what is fair, I fail to see how this proposal will improve the backlog situation and speed up the permitting process. Most successful proposals offer win-win solutions, which this one still does not appear to be.

The budget proposes a nearly \$3 million increase for the Feral Horse and Burro program to implement reforms recommended by the National Academy of Sciences. There is little disagreement that the current policy is unsustainable. While I wholeheartedly agree with the National Academy's finding that population estimates must be more scientifically sound, I am skeptical that a chemical sterilization solution can be found that is environmentally safe and more cost-effective than a spaying and neutering policy like we have for feral pets.

The budget proposes \$15 million for the Greater Sage Grouse Initiative. The BLM manages the most sage-grouse habitat in the Nation. So if the Fish and Wildlife Service decides to list the species, the question every western State will be asking is whether BLM did enough to prevent a listing. I do not want to find out 2 years from now that the BLM could have done more if they had the resources. So I am keenly interested in putting forth the most aggressive and responsible cross-cutting budget for sage-grouse conservation as possible for fiscal year 2015.

While some are predicting the consequences of a sage-grouse listing to be far worse than those of the spotted owl, there is little disagreement that a sage-grouse listing will have profound negative

impacts on America's ability to be energy-independent. Energy independence is a goal that many of us here share along with an all-of-the-above strategy in order to get there and stay there. We all get that renewable energy is the only long-term sustainable energy solution but we disagree on the length of the term and its consequences. BLM's fiscal year 2015 Energy and Minerals budget proposes to stimulate renewable energy production while ensuring that existing non-renewable energy production is clean and accountable. Naturally, this Subcommittee will continue to support both efforts as it did in fiscal year 2014.

What concerns me, though, is the proposal to shift \$38 million in costs to non-renewable energy producers while doing nothing to reduce permitting delays and to stimulate production. As with grazing fees, for the third straight year, this does not appear to be a win-win proposal.

Last but not least are proposals to establish a public lands foundation, and to improve maps of BLM lands. I support both efforts in concept, and I look forward to working with you in the days ahead on these and other details of BLM's fiscal year 2015 budget.

OPENING REMARKS OF MR. MORAN

Mr. CALVERT. I am happy now to yield to the distinguished ranking member, Mr. Moran, for his opening remarks. Mr. Moran.

Mr. MORAN. Well, I thank the distinguished Chairman, and Mr. Kornze, good to see you again. When you were before the Subcommittee a year ago, you were heading the BLM as Principal Deputy Director but you had been nominated for the Director position, which happened in November, and yet the Senate just cannot seem to operate in a responsible, let alone efficient manner, with these nominations. I am terribly sorry that you are doing all the work and yet you do not get the title. Be that as it may, we cannot fix the Senate. There are a lot of things we would like to do with regard to the Senate.

This is a particularly constrained budget for the BLM. In fact, it constitutes an overall decrease from last year's appropriation to carry out your multiple-use activities that would be allocated under this budget. About \$4.50 for each acre that the BLM manages for the entire year is what it comes out to, and yet those very same lands that you are provided \$4.50 to manage generate \$4.6 billion in revenue for the U.S. Treasury. We grant you that it is very much a multiple-use agency but it seems to me your primary job should be to protect the national resources of our public lands for today's taxpayers and citizens and for the future.

Now, I know that public lands are not producing enough oil and gas, and in fact, some suggest that production has decreased under the current Administration, but the facts do speak otherwise. Oil and gas production on public lands has actually increased by more than 30 percent from the level that it was in the years of the Bush Administration.

And I also would hope that this could be the year that we finally institute an inspection fee for oil and gas operations on public lands. In fiscal year 2012, the Subcommittee was instrumental in instituting an inspection fee for offshore oil and gas operations. I do not understand why we cannot ask the oil and gas industry,

who profit so handsomely from the extraction of oil and gas from public lands to pay a reasonable inspection fee to ensure safe and efficient operations. And I do not think that they would particularly care. It is a miniscule expense to them, but it would mean a great deal in terms of BLM's ability to manage those lands.

Now, along with other land management agencies, you are tasked with a vast array of natural and historic resources. I do want to share with my good friends a quote from Teddy Roosevelt, a terrific Republican President. He said, and I am quoting, "Of all the questions that come before this Nation short of the actual preservation of its existence in a great war, there is none which compares in importance with the great central task of leaving this land an even better land for our descendants than it is for us." It is pretty obvious he was not talking about exploiting the public land but rather conserving it for the future generations.

Now, Mr. Kornze, you and the employees of the BLM obviously have your work cut out for you. I will have some questions about grazing fees and so on. It seems strange that this side would be the one suggesting that we let the market operate on these things, but we thank you for your testimony and look forward to a good, vigorous exchange of questions and answers. Thank you.

Thanks, Mr. Chairman.

Mr. CALVERT. Thank you.

Welcome, Mr. Kornze, and you are recognized for your opening statement.

OPENING STATEMENT OF PRINCIPAL DEPUTY DIRECTOR NEIL KORNZE

Mr. KORNZE. Thank you, Mr. Chairman and members of the Subcommittee. I appreciate the opportunity to testify on the President's fiscal year 2015 budget request for the Bureau of Land Management.

The BLM is responsible for managing over 245 million acres of public land, which covers about 10 percent of the Nation. We also manage roughly a third of the Nation's minerals. The breadth of the agency's mission is astounding. We are proud to be engaged in critical and often very difficult natural-resource issues all across the country.

It is worth noting that so much of what we do is made possible through cooperative efforts with local and State governments and through the support we receive from friends' groups and other dedicated partners.

The President's 2015 budget request for the BLM provides strategic funding for our highest priorities. Our focus areas include oil and gas permitting, fish and wildlife conservation, recreation, renewable energy development and many others. These efforts help keep our national economy moving and are among the many programs we operate in order to fulfill the organization's multiple-use and sustained-yield mission.

We at the BLM are proud that the lands we manage and that the programs we operate contribute over \$100 billion to the U.S. economy each year. Furthermore, we are one of the only federal agencies that return substantial revenues to the U.S. Treasury far in excess of our annual appropriations.

Now, with my remaining time, I would like to highlight key areas in our budget that are particularly important to the agency's success in 2015 and beyond.

First is the BLM Foundation. The President's budget calls for the authorization of a Congressionally chartered BLM Foundation. This entity would operate similarly to the National Park Foundation or the National Fish and Wildlife Foundation and would provide the public with new ways to get involved with and support the issues that they are passionate about, whether that be wild horses and burros, national conservation lands, restoration projects or other efforts.

Second is the inspection and enforcement fee system, which has been well described by both gentlemen. Today, the BLM oversees over 100,000 wells on public lands, and we have a responsibility for inspection and enforcement at every one of these sites. So, in an effort to be more agile and more able to respond to industry needs, we are seeking a transition to a fee system. This would parallel the fee system that was successfully put in place and has operated very well for offshore oil and gas programs. We have a well-established need identified by GAO and others to improve our performance in this area in terms of inspection and enforcement, and we need your help to accomplish that.

Third is wild horses and burros. If we are going to sustainably manage wild horses and burros, we have to do at least two things. We have to slow population growth, and we have to find good homes for the families that are already off the range. We have requested an increase in overall funding for the program, and we hope that you will support our efforts to expand research into long-lasting fertility control methods and the implementation of National Academy of Sciences' recommendations.

Fourth, is a geospatial mapping system. We at the BLM have an obligation to provide good, easy-to-access information to the public, and a solid online mapping system would be the foundation of making a major step forward in that program. Think of something akin to Google Earth or Google Maps. With this capability, we will be able to look at challenges across a broad landscape and better understand what the public, industry and our many partners need and have envisioned for the landscapes that we manage.

Fifth is sage-grouse conservation. We are in the midst of an unprecedented planning effort to provide certainty to the Fish and Wildlife Service. The sage-grouse and sage-grouse habitat will be conserved in a meaningful way. We are working through this effort with numerous State and local partners, and this Committee has provided excellent support in recent budgets for this program, and we appreciate your continued attention. There is a lot at stake.

We appreciate your support of these five key initiatives as well as our larger budget. By making smart investments in these areas, we are confident that we can make a positive and meaningful difference in the management of our Nation's natural resources.

We appreciate the strong support that the BLM receives from this Committee, and I look forward to your questions and your feedback.

[The statement of Neil Kornze follows:]

**Statement of
Neil Kornze, Principal Deputy Director
Bureau of Land Management
U.S. Department of the Interior**

**Before the
House Appropriations Committee
Subcommittee on Interior, Environment, and Related Agencies**

**Hearing on the FY 2015 Budget Request
for the Bureau of Land Management**

April 4, 2014

Mr. Chairman and Members of the Subcommittee, I am pleased to join you today to discuss the President's Fiscal Year (FY) 2015 budget request for the Bureau of Land Management (BLM).

The BLM manages a complex range of uses on just over ten percent of the land in the United States, mostly in Western states and Alaska. The BLM's greatest strength lies in its mandate -- *The Federal Land Policy and Management Act of 1976 (FLPMA)* -- which requires us to manage for multiple use and sustained yield. Because of this flexibility, the BLM has the ability to generate revenue, create jobs, conserve natural resources, and improve the quality of life for all Americans, both environmentally and economically. This approach emphasizes how people and the lands are interconnected and interdependent, and balances the diversity of interests and values associated with the public lands through a landscape approach to land management.

As with all great and durable responsibilities, public land management is accompanied by considerable and persistent difficulties, which must be addressed and overcome with cooperation and creativity. Since first invested with the multiple use and sustained yield mission, the BLM and its methods of management have evolved alongside the Western communities so closely linked to the public lands.

The Nation's need to derive ever-greater benefits from public lands, including a balanced approach to landscape management, investment in natural infrastructure and ecosystem services, and energy security and economic progress, is reflected in the Bureau's 2015 budget request.

Before discussing the entire budget request, I want to highlight a few key initiatives that are important to the future of the BLM. These initiatives will position us for continued success:

- **BLM Foundation** - The President's budget calls for the authorization of a congressionally chartered BLM Foundation that would provide the agency with new avenues for working with the public on critical programs and landscapes. The foundation would complement similar authorizations for charitable non-profit organizations that have been created to support the Nation's other major land management agencies.

- **Inspection and Enforcement Fee** – In support of responsible development and oversight of energy management, the budget includes the creation of a fee system to cover the BLM’s inspection and enforcement activities in the oil and gas program. The fees will help the BLM to improve production accountability, safety and environmental protection of oil and gas operations, and would parallel a fee system already in place for offshore oil and gas programs.
- **Fertility Control for Wild Horse and Burro** - The budget calls for an increase of \$2.8 million for the Wild Horse and Burro program to allow for continued implementation of the National Academy of Sciences recommendations. Of special note, this funding will allow the BLM to continue ongoing multi-year research studies focused on the development of more effective and longer-lasting fertility control agents and techniques for suppressing population growth.
- **Geospatial Mapping** – The BLM is committed to taking a generational leap forward in its geospatial mapping capabilities to provide better, more useable information to the public, industry, and its own employees. The budget requests additional support in this area, which will help the agency and the department take meaningful steps forward on landscape-level management.
- **Sage-Grouse Conservation** – The budget request maintains critical funding for Sage Grouse conservation efforts. In 2015, the BLM will conclude its work to incorporate adequate regulatory mechanisms into its land use plans to address conservation and development decisions as the focus progresses to implementing the plans and supporting habitat restoration and monitoring.

2015 Budget Request

The 2015 BLM budget request is \$1.1 billion. The budget proposes \$954.1 million for the Management of Lands and Resources appropriation and \$104.0 million for the Oregon and California Grant Lands appropriation, the BLM’s two operating accounts. The 2015 budget continues to prioritize support for Administration and Secretarial initiatives such as America’s Great Outdoors, Powering Our Future, and Sage-Grouse habitat conservation.

The BLM’s budget request translates to a cost per acre of about \$4.50 to American taxpayers.¹ Recent studies indicate that BLM’s management of the public lands provides an outstanding economic return to the American people. In 2011,² activities on BLM-managed lands contributed \$151 billion to the Nation’s economic output (approximately one percent of the U.S. Gross Domestic Product) and supported more than 750,000 jobs through extractive and non-extractive uses of public lands.³ This translates to an economic benefit of over \$610 per acre.

This request provides sustainable benefits across the West and for the Nation as a whole. It maintains working landscapes for grazing, timber and recreation; strengthens oversight of onshore oil and gas development while providing increased opportunities for developing these economic resources; and protects ecosystem services that are measurable in the value they have

¹ *Public Land Statistics, 2012* (http://www.blm.gov/public_land_statistics/pls12/pls2012-web.pdf)

² The most recent year for which figures are available

³ Department of the Interior Economic Impact Report, 2011 (page 16)

to people for example through clean water and clean air.

Powering Our Future – The 2015 budget continues strong support for the Administration’s energy goals and strengthens management of onshore oil and gas development. This request proposes an increase of \$20.4 million above 2014 enacted levels for the BLM’s oil and gas programs, including requests for both direct funding and funding offset by fees collected from oil and gas producers on Federal lands. Included in this request is \$5.2 million to provide staffing, training, and other resources needed to develop and implement ongoing rulemaking efforts and strengthen operational guidance to BLM units. An additional \$4.6 million will strengthen BLM’s core oversight and permitting capabilities, allowing the BLM to keep up with industry demand and workload.

The 2015 budget request also proposes to expand and strengthen onshore oil and gas inspections and oversight capability through new inspection fees. This new fee authority will bring onshore oil and gas inspections and oversight into alignment with offshore oil and gas management, where inspection and enforcement activities are already funded through a fee system.

Since 2000, nearly 47 thousand wells have been drilled on public lands. Today, the BLM oversees around 100 thousand wells across the country for which we have and must meet inspection and enforcement responsibilities. Our current funding system limits our ability to effectively meet this responsibility and ensure protection of both environmental and economic resources. Our FY 2015 proposal would allow us to meet our responsibilities without increasing taxpayer burden by shifting part of the cost of these activities to industry, as is done with offshore inspection fees. Collections generated from this fee would total about \$48 million, fully offsetting a proposed reduction in appropriated funding and providing for a net increase of around \$10 million for this critical responsibility. If we were to receive this authority, we would be better placed to respond to market demands for oil and gas leasing on public lands.

Through this increased funding, the BLM will correct deficiencies identified by the Government Accountability Office in its February 2011 report, which designated Federal management of oil and gas resources, including production and revenue collection, as high risk, and allow the BLM to expand the risk-based inspection strategy to improve production accountability, safety, and environmental protection of oil and gas operations.

The BLM budget request maintains funding for Renewable Energy at essentially the 2014 enacted level, providing BLM with the resources it needs to continue to aggressively facilitate and support solar, wind, and geothermal energy development. The budget request also maintains funding for the Coal Management program at the 2014 level to ensure that coal resources continue to be made available to meet the energy needs of our nation.

The BLM’s role in meeting the Nation’s energy requirements does not end with feedstocks and renewable energy facilities. Across the public lands of the West, the BLM, through rights-of-way issuance, facilitates the efficient delivery of energy to meet growing demand and address the West’s aging electrical infrastructure, which impedes efficient energy transmission and inhibits renewable energy development. To support necessary upgrades to the Nation’s electric transmission grid for reliability and increased capacity, the budget includes a \$5.0 million increase in the Cadastral, Lands and Realty Management program to identify and designate

energy corridors in low-conflict areas and site high voltage transmission lines, substations and related infrastructure in an environmentally responsible manner.

Sage-Grouse Conservation – In a March 2010 decision, the U.S. Fish and Wildlife Service (FWS or Service) determined that Greater Sage-Grouse was “warranted, but precluded” for listing under the Endangered Species Act (ESA). The FWS stated that the BLM was not “fully implementing the regulatory mechanisms available” to ensure the species’ conservation. To address FWS concerns, the BLM initiated a formal planning process in 2011.

Beginning in 2013, the BLM requested \$15.0 million annually to implement broad-scale sage-grouse planning and conservation activities, including amendment or revision of 98 land use plans to designate priority habitat, perform habitat restoration and improvement, and map, assess and monitor that habitat. The BLM operating plan, written pursuant to the full-year continuing resolution for 2013 (P.L. 113-6), included the full funding built-in the budget request for this effort. The \$15.0 million funding level continues in 2014.

The BLM is doing its very best to meet Greater Sage-Grouse conservation targets set for us by the Conservation Objectives Team report, developed by FWS and representatives from States with Sage Grouse populations. The Service believes that these objectives are the best hope to conserve the Greater Sage-Grouse and the West’s sagebrush ecosystems on which the species depends.

We recognize that much is at stake in the hundreds of thousands of square miles of sagebrush habitat across the West, including conservation, energy development, recreation, livestock grazing and fire management. By addressing sage grouse conservation concerns on BLM and Forest Service-administered lands now, we hope to maintain the widest possible range of options for managing the public lands and for our neighboring landowners.

The 2015 President’s budget request maintains that funding level for Sage Grouse conservation efforts. In 2015, the BLM will conclude remaining work to incorporate adequate regulatory mechanisms into its land use plans to address conservation and development decisions as the focus progresses to implementing the plans and supporting habitat restoration and monitoring.

America’s Great Outdoors – More than 64 million people live within 100 miles of BLM-managed lands in the West. Thus, the BLM is a key part of connecting Americans to the outdoor opportunities that contribute to and preserve the social fabric of this Nation, bond families across generations, and preserve the character of the rural American West. Many BLM-managed lands remain open to use for distinctly American pursuits such as off-highway vehicle riding, rockhounding and gold panning, target shooting, and hunting, opportunities which are becoming increasingly scarce through urbanization and subdivision of once open lands.

The 2015 budget includes a \$1.9 million increase for the National Landscape Conservation System (NLCS) to address high priority needs in national monuments and national conservation areas, including developing management plans for recently designated units and developing and implementing travel management plans for high-use units.

Additionally, the request includes an increase of \$900,000 in Recreation Resources Management for planning, visitor safety, and interpretive services. Likewise, the BLM will use a \$742,000 increase in the Cultural Resources Management program to address the highest priority needs in its backlog of sites requiring inventory and stabilization.

The 2015 budget also includes increases for programs funded through the Land and Water Conservation Fund, a vital component of the America's Great Outdoors initiative. The 2015 budget proposal includes a total of \$89.6 million for BLM Federal land acquisition, including \$25.0 million in requested discretionary appropriations and \$64.4 million in mandatory funding.

Engaging the Next Generation – Along with the BLM's efforts to support America's Great Outdoors, the BLM will continue to build on its success in engaging youth. The 2015 BLM budget request includes a total of \$4.8 million for BLM's youth programs and partnerships. This will allow the BLM to accomplish high priority projects and promote quality participant experiences and pathways to careers.

Enterprise Geospatial System: An updated and revitalized geospatial system will provide the foundation necessary for us to do a better job of providing resource information to the public and within BLM. With this capability, we will be able to accurately analyze crucial information across a variety of landscape-scale initiatives, including the Greater Sage-Grouse Plan, Renewable Energy Development, Climate Change Adaptation, and Regional Mitigation. This would result in better land-management decisions. The President's budget recommendation is \$3.8 million for this priority.

Wild Horse and Burro Program - The budget calls for an increase of \$2.8 million for the Wild Horse and Burro program to allow for continued implementation of the National Academy of Sciences recommendations. The BLM must accomplish two things to be successful in the Wild Horses and Burros Program: slow population growth and find more good homes for those animals already off the range. Our success in maintaining an ecologically and financially sustainable and humane program has implications for all other BLM activities. The proposed budget for this priority would allow us to continue ongoing research into the development of more effective and longer-lasting population control agents and techniques. We remain committed to implementing the National Academy of Sciences' recommendations for this program at a total cost about \$10 million

Legislative Proposals

Oil and Gas Management Reforms – The Administration's budget request includes a package of legislative proposals to bolster and backstop administrative actions being taken to reform the management of Interior's onshore and offshore oil and gas programs, with a key focus on diligent development of federal resources and improving transparency and oversight. Proposed statutory and administrative changes fall into three general categories: advancing royalty reforms; encouraging diligent development of oil and gas leases; and improving revenue collection processes.

Royalty reforms include evaluating minimum royalty rates for oil, gas, and similar products;

adjusting onshore royalty rates; analyzing a price-based tiered royalty rate; and repealing legislatively-mandated royalty relief. Diligent development requirements include shorter primary lease terms, stricter enforcement of lease terms, and monetary incentives to get leases into production e.g., through a new per-acre fee on nonproducing leases. Revenue collection improvements include simplification of the royalty valuation process, elimination of interest accruals on company overpayments of royalties, and permanent repeal of DOI's authority to accept in-kind royalty payments. Collectively, these reforms will generate an estimated \$2.5 billion in revenue to the Treasury over 10 years, of which \$1.7 billion will result from statutory changes.

Hardrock Mining Reform – The 2015 budget includes two legislative proposals to reform hardrock mining on public and private lands by addressing abandoned mine land hazards and providing a better return to the taxpayer from hardrock production on Federal lands.

The first component of this reform addresses abandoned hardrock mines across the country through a new Abandoned Mine Lands (AML) fee on hardrock production. Just as the coal industry is held responsible for abandoned coal sites, the Administration proposes to hold the hardrock mining industry responsible for the remediation of abandoned hardrock mines. The legislative proposal will levy an AML fee on uranium and metallic mines on both public and private lands. The proposed AML fee on the production of hardrock minerals would be charged on the volume of material displaced after January 1, 2015. The receipts would be split between Federal and non-Federal lands.

The second legislative proposal institutes a leasing process under the Mineral Leasing Act of 1920 for certain minerals, gold, silver, lead, zinc, copper, uranium, and molybdenum, currently covered by the General Mining Law of 1872. After enactment, mining for these metals on Federal lands would be governed by the new leasing process and subject to annual rental payments and a royalty of not less than five percent of gross proceeds. Half of the receipts would be distributed to the States in which the leases are located and the remaining half would be deposited in the Treasury. Existing mining claims would be exempt from the change to a leasing system.

Reauthorize the Federal Land Transaction Facilitation Act (FLTFA) – The 2015 budget proposes to reauthorize the Act, which expired in July 2011, and allow lands identified as suitable for disposal in recent land use plans to be sold using the FLTFA authority. The FLTFA sales revenues would continue to be used to fund the acquisition of environmentally sensitive lands and to cover the administrative costs associated with conducting sales.

BLM Foundation - The BLM is the only major Federal land management agency without a congressionally chartered foundation. With a mission as broad as the BLM's, a foundation would provide us with significant new tools to expand partnerships and allow the public to support critical programs and activities for which they have a passion, whether that be the Wild Horse and Burro Program, the National Landscape Conservation System, habitat restoration, or others.

Conclusion

The President's Fiscal Year 2015 budget request for the BLM provides funding for the Bureau's highest priority initiatives and supports critical work that keeps the American economy moving and that fulfills the BLM's multiple use and sustained yield mission to maintain the health, diversity and productivity of public lands for present and future generations. The Nation's public lands and resources have an important role in American lives, economies, and communities and include some of America's greatest assets. This budget proposal enables the BLM to continue to manage the responsible development of conventional and renewable energy on public lands, conserve valuable wildlife habitat as well as cultural and historic resources, and implement innovative landscape scale management approaches.

Thank you for the opportunity to present this testimony.

Neil Kornze
Principal Deputy Director
Bureau of Land Management

Since March 1, 2013, Neil Kornze has been leading the Bureau of Land Management (BLM) as the agency's Principal Deputy Director. Kornze oversees the agency's management of more than 245 million acres of public land nationwide.

Prior to serving in his current role, Kornze was the BLM's Acting Deputy Director for Policy and Programs starting in October 2011. Kornze joined the organization in January 2011 as a Senior Advisor to the Director. In these roles, he worked on a broad range of issues, including renewable and conventional energy development, transmission siting, and conservation policy.

Kornze was a key player in the development of the Western Solar Plan and the agency's successful authorization of more than 10,000 megawatts of renewable energy, surpassing a congressionally-established goal 3 years ahead of schedule. He has also been active in tribal consultation, especially as it relates to oil and gas and renewable energy development.

Before coming to the BLM, Kornze worked as a Senior Policy Advisor to U.S. Senate Majority Leader Harry Reid of Nevada. In his work for Senator Reid, which spanned from early 2003 to early 2011, he worked on a variety of public lands issues, including renewable energy development, mining, water, outdoor recreation, rural development, and wildlife. Kornze has also served as an international election observer in Macedonia, the Ukraine, and Georgia, and he is co-author of an article in "The Oxford Companion to American Law."

Raised in Elko, Nevada, Kornze is a Phi Beta Kappa graduate with a degree in Politics from Whitman College in Walla Walla, Washington. He earned a master's degree in International Relations at the London School of Economics.

Mr. CALVERT. Thank you for your opening statement. I will begin the questioning.

HYDRAULIC FRACTURING REGULATIONS AND PERMITTING DELAYS

We understand the Department intends to issue final regulations on hydraulic fracturing this year. There are a number of concerns about these rules including States already regulating hydraulic fracturing, but one of the major concerns is further delays in permitting. According to a GAO report issued last fall, the average time to receive a drilling permit on federal land is now 229 days, substantially beyond the 30-day requirement. In many cases, it can take up to a year to issue a BLM permit. The effects of delays in leasing and permitting has resulted in declining rather than increasing production on federal lands as producers take their business instead to State and private property.

The question: with the country's need for natural gas and now the international situation obviously, can we afford to have even more production delays due to a new hydraulic fracturing rule?

Mr. KORNZE. Chairman, I appreciate the question. When it comes to permitting, I think we have an excellent story to tell at the Bureau of Land Management. Three years ago it took us 300 days on average to process a drilling permit. Two years ago, we took that down to 225 days. Last year, we took it under 200 days, so we are definitely headed in the right direction. We have knocked about a third of the time off that process. We are also in the process of launching an online drilling permit system, which we will be moving into a few field offices for pilot testing later this year. Our hope is that we will be able to continue to bring down times because of the effort when it comes to drilling permits and having that move successfully is making sure that we have accountability on all sides. We need to do a better job at the BLM. We also, frankly, need better applications from the industry. Very often they come in incomplete, and so a lot of that time on the clock is sending files back and forth. So by having an online system, we can alert folks immediately if there are deficiencies and hopefully take a lot of the time out of the total process.

We have a few offices that have already initiated pilots on their own. One is Carlsbad, New Mexico, and we are proud to see that they have drilling permit times down to about 70 days. We do not know if we will be able to accomplish that same number across the system but we certainly think there are efficiencies to be had.

In terms of overall production, I am proud to tell you that oil production is up roughly 30 percent during the course of this Administration. That is something we are very proud of. In hydraulic fracturing, we are intending to get that rule out later this year if possible. We received 1.3 million comments and we are sorting through that, but we are very closely coordinating with the States. Actually, just a few weeks ago, we had the second major meeting with State representatives from oil and gas permitting organizations and from State governors' offices to talk about how we can best align State regulations, which have their own variations with the BLM programs. The BLM draft that is currently out there envisions a meet-or-exceed standard so that if a State's program is better or more restrictive than what BLM has called for, then the

State program would be sufficient. Additionally, there is a variance process so that if the spirit of what the BLM is seeking to accomplish is done by State regulation, we could also wave our specific regulations.

And additionally, when it comes to inspection and enforcement on onshore, we have an overall desire to be more efficient. So we are also engaged in a conversation about having a regular and consistent relationship with the States so if you have State inspectors out looking at wells and we happen to have one isolated well, then the State could take care of it for us, and likewise, if we are 4 hours in the other direction and there is one lone State well, we could take care of it for them. So overall, we are looking at coordination and taking it very seriously when it comes to State partnership.

OIL AND GAS PRODUCTION

Mr. CALVERT. What would you say on the rate of permitting in the United States on BLM property? Has it increased over the last 5 years or declined?

Mr. KORNZE. We are receiving—I cannot give you actual numbers but we are receiving roughly about 5,000 APDs a year. It is somewhat consistent.

Mr. CALVERT. That has been consistent over the last 5 years or so?

Mr. KORNZE. Roughly, yes.

Mr. CALVERT. And so most of the production that you are saying has increased in the last number of years have been on wells that you permitted in the last 5 years?

Mr. KORNZE. We have seen increased production on BLM and tribal lands.

Mr. CALVERT. Using a lot of existing wells that would increase productivity because of hydraulic fracking technology on existing wells that have been changed over from old technology to new technology or are these new wells that have been developed in the last 5 years?

Mr. KORNZE. We are seeing about 3,000 new wells brought on public lands each year, so a lot of that is driven by high-flow new wells, but I do imagine there are a number of wells that are going back and being refracked, which are contributing as well.

Mr. CALVERT. And approximately how many wells are there in total on BLM property?

Mr. KORNZE. A hundred thousand.

Mr. CALVERT. One hundred thousand wells? And what are you doing—you mentioned the number of wells, the production increases on those wells. Are you going out and trying to develop more business on federal land as far as development of oil and gas production?

Mr. KORNZE. Well, the development is driven largely by the market and by industry interest, so last year, for instance, we put almost 6 million acres on the table for lease. Only 20 percent of that was leased by industry. So we are trying to provide a robust amount of opportunity. So on the leasing side, we are doing very well, and on the drilling permit side, there are nearly 7,000 per-

mits in industry hands right now that are available for drilling tomorrow.

OIL AND GAS REVENUE

Mr. CALVERT. And you mentioned that obviously the rate of return on your department relative to other departments—what do you have, an approximately \$1 billion budget and you have \$4 billion in revenue. What percentage of that revenue is due to oil and gas?

Mr. KORNZE. I believe it is in the threes, so I think our overall revenue is nearly \$5 billion for energy and minerals, and approximately \$4 billion of that is oil and gas.

[CLERK'S NOTE.—BLM submitted the following correction to the Subcommittee. Overall revenue is nearly \$4 billion for energy and minerals, and approximately \$3 billion of that is oil and gas.]

Mr. CALVERT. So obviously a substantial majority of that revenue is oil and gas?

Mr. KORNZE. Yes.

Mr. CALVERT. Okay. Mr. Moran.

GRAZING FEES

Mr. MORAN. Thanks very much, Mr. Chairman.

I did want to underscore what Director Kornze just pointed out, that the oil and gas industry is sitting on 7,000 approved permits to drill. They are just not using them. I can understand the push to get BLM to permit, but on the other hand, that is a lot of permits that have been approved and are not being used.

I want to get into this grazing-fee issue because my good friends on the other side are probably going to get into it from a different perspective. Last month, the federal grazing fee for this year was set at the minimum allowable level of \$1.35 per animal unit month for the seventh consecutive year. Western States charge substantially more to graze cattle on State lands. The last time that the GAO looked at the federal grazing fee just 8 years ago, they found it covered less than one-sixth of the cost to administer the grazing program. So it has got to be even less than that now. So here we are providing this deep federal taxpayer subsidy for grazing on federal lands. I wonder if instead of proposing a dollar surcharge per animal unit month that we should tie the grazing fee to what is actually charged in the States themselves. The States determine what a reasonable fee is. Why could we not use that as a marker? Have you considered that?

Mr. KORNZE. Congress, a number of years ago, almost a generation ago, set the standards for how the grazing fee is calculated. So part of that is beef prices, part of it is the cost to run a cattle operation, and part of it relates to private land costs, but it is all pegged to a standard cost that was set in the 1960s. So it is the system we operate under, and if Congress would like to dig into that further, we would be happy to provide any information we can.

Mr. MORAN. Well, that is certainly a diplomatic answer. That is a thing that we set back in the 1960s before these guys were born. I am being complimentary. It is certainly before you were born, Betty.

The fact is, this is a deep subsidy. Can you just share with us if you were to use the fees that States themselves charge, let alone private landowners, would that not be a substantially higher figure?

Mr. KORNZE. That would be a higher figure. My sense is that States charge anywhere from \$4 to \$12, in many cases, depending on the quality of the land and some places like Texas have much, much higher grazing fees on State land.

Mr. MORAN. Like what would Texas charge? Do you have any idea?

Mr. KORNZE. I do not have the exact number but I think it is around \$50.

WILD HORSE AND BURRO LONG-TERM PLAN

Mr. MORAN. About \$50 per animal unit month, and we are charging a buck 35. Okay. Some of my Texas friends that rail and rail about taxpayer subsidies I would hope would be aware of that.

Let's ask about this Wild Horse and Burro program too, but I do not want to get into all the details of it. I know we have got problems with implementing the regulations that were made regarding expanded research and population. It has a long and troubled history. We have got a lot of horses and burros, and it is difficult to provide humane treatment when you have got major droughts particularly, and they just cannot find enough food in the wild. But can you share with us what your long-term plan is to humanely deal with wild horses and burros on BLM land?

Mr. KORNZE. I appreciate that question. This is one of the more difficult programs that we operate, and it is a unique program in that usually when it comes to animals, if they are in danger or threatened, they belong to the Fish and Wildlife Service. If they are not, they belong to the States. Wild horses are the only species under the purview of the Bureau of Land Management.

So in terms of long term, we need sustainability in this program, and to get there, as highlighted in my opening statement, we have to figure out a long-term way to bring population growth down because every 3½ years, wild horse and burro populations left alone will double. So horses on the range are rapidly multiplying, which puts pressure on grazing, puts pressure on wildlife, and puts pressure on rangeland health.

On the other side, we need to make sure that we have good homes and that we have an adoption system that works and we have a long-term program. So one of my goals for the Bureau is that later this year we will put out a concept for a long-term sustainability effort on this program in addition to a response in the National Academy of Sciences' report. What we want to focus on may be a generational long-term goal. In order to get a good, clinically focused drug which we are attempting to develop with some trials we want to support this year, may take 5 or 10 years to even get in place to be used broadly. So the tools we have are very limited but I am hopeful that we will be able to lay out a plan that could be followed for many, many years.

Mr. MORAN. Thank you, Mr. Kornze.

Mr. Chairman, I have other questions. I think we will probably have a second round, and I want to give other members a chance to ask questions. Thank you very much.

Mr. CALVERT. I thank the gentleman.

Mr. Cole.

OIL AND GAS REGULATION ON TRIBAL LAND

Mr. COLE. Thank you, Mr. Chairman.

Good to have you here. I appreciate the job that you do. It is a difficult job.

There are two areas I want to probe. One of them is horses a little bit. But let me start with a question related partly to fracking but also to how you look at some of the lands you manage. Do you consider Indian lands the same as public lands?

Mr. KORNZE. Not at all, sir.

Mr. COLE. Then why do we have the same regulatory regime for one as we do for the other, and what kind of role are you pursuing to allow tribal governments to manage their own resources?

Mr. KORNZE. This is an important question, and I appreciate you raising it. They are statutorily different and we treat them differently in terms of recognition. The sovereignty of Tribes is very important to us as a Federal Government and also the Bureau of Land Management, and we work hard on those relationships. They are very important to us.

When it comes to hydraulic fracturing regulation or other oil and gas regulation, it has been laid out by Congress that the Secretary of the Interior has the regulation of oil and gas activities on tribal lands as a trust responsibility. She has delegated that to the Bureau of Land Management, and essentially the reason for having similar standards is if a standard for oil and gas development in terms of safety and responsible development makes sense for federal land, you would not want a lower standard for tribal land.

Mr. COLE. I am not talking about a lower standard. What if a Tribe disagrees with the BLM—you know, we have legitimate differences now. State governments obviously regulate differently, I would argue more efficiently, quite frankly, and much more quickly as a role than the BLM does in this area, and if the Tribe wanted to pursue that, I can see having a regime for saying there has got to be a certain set of standards but again, if it is their land, it is not federal land. Why would you have that authority as opposed to them?

Mr. KORNZE. Well, speaking on the hydraulic fracturing rule, the same meet-or-exceed or variance concepts would apply with Tribes that we could work out those relationships in terms of regulating those activities.

Mr. COLE. Do we have a process underway to do that? Because I can tell you, I get a lot of folks coming by my office from a variety of Tribes that are sitting on energy resources, and they compare again what they think is an appropriate regulatory statute with what exists or the speed that is happening in private land immediately adjacent to their reservation, they see how much quicker the development is under a State regime, and they either want the control themselves or they want the ability to compact with States to allow the State to implement that regulatory regime, and right

now they do not have any of that and it is a real frustration to them.

Mr. KORNZE. Yes. There are certainly complexities in developing oil and gas, for instance, on tribal land that are not faced on public land, and the public-land process is complicated enough. So I am certainly sympathetic to what you are laying out, and I know Congress has attempted to tackle this a few times.

Mr. COLE. Do you think the Tribes are sophisticated enough—and again, I recognize I think probably more than most the variety of levels of sophistication that Tribes have an administrative capability but do you see this as something inherently that they are capable of doing for themselves?

Mr. KORNZE. Simple answer is in places where they have a system in place, absolutely.

WILD HORSE AND BURRO MANAGEMENT

Mr. COLE. Let me shift quickly to the wild-horse question and just for the record, in Oklahoma we have, I think, 21,000 horses that are either from the West—they are not our horses. They are there. They are being housed there. Fortunately, you are paying for them because it is about 6 bucks a head, \$5 to \$6 a head every day to feed them, and by the way, I visited a couple facilities in Oklahoma. They are terrific. People would echo your testimony of the challenge that they are facing in terms of just managing the sheer numbers because these are animals that have no natural predators and they are bigger, faster and tougher than anything else out there.

I must tell you, I am very dubious after talking to folks that the adoption program is ever going to work. It is a noble program, and I think you ought to continue it, but if you look at the numbers, it is just not even close—this idea that we are going to be able to find a home for all these animals is a fanciful notion. There are just not enough homes out there. And in the areas where you have the horses now, you actually see declining adoption rates, simply because the horses saturated that area. People that wanted a horse got them, and they are very expensive to maintain. It is not something you can do—and I laud your efforts. I think again this is something I know you take seriously and the department is working on, and some of the experiments you talked about are actually taking place in Oklahoma in terms of trying to find a means to effectively have mass birth control for horses, but at the end of the day, are there some specific things you can do to manage the size of these herds other than that? Because as you said, this is years away. And again, we manage all kinds of animals, in the United States. I know this is a very sensitive issue on horse slaughter, but again, this is not an endangered species. This is a species that is multiplying faster than we can sustain it. So are there tools that we could give you that would be helpful in that regard?

Mr. KORNZE. I appreciate the open-ended question. We definitely appreciated your visit to Pauls Valley to look at some of our facilities.

Mr. COLE. Which, again, were first rate. I was really impressed with your people.

Mr. KORNZE. I was out there myself last year after the tornadoes came through to see our two offices, and I was impressed by what I saw, and I learned a lot in terms of Oklahoma and Kansas. They are really sort of the back end of the program in terms of when horses were removed from the western range. They usually end up in long-term holding facilities or beautiful, beautiful ranches in Oklahoma.

In terms of tools, we do need more tools, and if I can sort of keep a bookmark on this, I would love to come back to you in a month or two.

Mr. COLE. I would really appreciate it if you would, because people are very well intentioned here and I understand it and sympathize with it, but we have got a problem, and the kind of solutions so far that we have allowed you to do are not adequate for the kind of problem we have asked you to manage. So I think it is something that we as a Committee and as a Congress need to have a really candid discussion about, and your guidance and participation and suggestions would be extremely welcomed—I do not have any predetermined outcome here. I just look at the numbers and I look at what we are trying to grapple with here, and again, I understand the motivation of people that do not want to do anything in terms of population management, to use a benign term for a difficult problem. But I do not know what else to do right now, and again, I am willing to invest in these longer-term solutions but I do not think that is going to solve your problem in the short turn, and it eats up a lot of your budget. This is something that is extraordinarily expensive, and if you look at the expense curve, it is just simply going up.

So again, please, I take your offer seriously and would love to have some suggestions, options, alternatives as to things you think would be useful for you to have, tools that would allow you to deal with this.

Mr. KORNZE. Great. I will take you up on that for sure.

Mr. COLE. Thank you very much.

Thank you, Mr. Chairman.

Mr. CALVERT. Thank you, and I just commented in the opening statement, we spay and neuter cats and dogs, so we ought to be, looking at horses and burros the same way.

Ms. McCollum.

OIL AND GAS FLARING

Ms. MCCOLLUM. Thank you, Mr. Chair. I am going to pass two pictures, and they are courtesy of NASA's Earth Observatory. I want to talk about oil flaring for a minute. On the lands that you manage, you do not allow flaring. Is that correct? The gas has to be captured, it is just not allowed to be burnt off?

Mr. KORNZE. In many cases actually it is flared.

Ms. MCCOLLUM. So in the picture you are looking at—

Mr. MORAN. It is flared?

Ms. MCCOLLUM. In the picture you are looking at, it is a great photo of the Great Lakes, Mr. Joyce, at night. It is a picture of Minneapolis-St. Paul, which is the area that I represent, and the Bakken oil fields. You can see that they are lighting up as bright as and at times brighter than Minneapolis-St. Paul because the gas

is just flared off. It is not captured at all because it is not profitable right now. So my question is, what are we doing to be good stewards of capturing the gas as well as the oil because just letting this flare off increases global warming? It is taking a treasured resource and just letting it literally go up in smoke. So can you explain to me what we could, should or are not doing when it comes to flaring?

Mr. KORNZE. You bet. This is an excellent question.

Ms. MCCOLLUM. And by the way, the Bakken is private land but I just use that to illustrate what concentrated flaring looks like and we could have this on public land as well.

Mr. KORNZE. And I think that picture is fascinating in terms of a recent trend in oil and gas development in this country. Related to venting, flaring, the Bureau of Land Management is starting a broad public conversation right now about what we should be looking at. Our regulations on this were put in place January 1, 1980, and they need a fresh look. And so we have engaged with the western States recently in a meeting in Denver just a few weeks ago, talking to Colorado, North Dakota and other States that are hoping to move on this issue. Colorado has put in some standards, and they are the first State to really step forward with industry and other partners to draw a bit of a line in the sand about what their expectations are, and so we are going to be looking at our own authorities and what is possible. Groups like the University of Texas and the Environmental Defense Fund and others are helping to bring data forward about where we can make the biggest difference. There are some great studies that have come out recently that are pinpointing where further effort in this area, whether it is valves or tanks, can make a difference. So we are focused on that, and we are hoping to develop a draft rule for potential regulation.

Ms. MCCOLLUM. I certainly hope so, and this is something I am going to follow. Whether you are pro-fracking, anti-fracking, whether you are pro-more drilling for oil or anti-drilling for oil. I think we can all agree, letting natural gas just be burned off is something that future generations, will look back and say what were you folks thinking when energy is going to become scarcer as generations go on. And then also with the contribution that leads to global warming.

BAKKEN REGION

I just want to talk about what is happening, especially in the Bakken region. This oil needs to get to market. I will tell you, when people say we are not producing more energy and more oil, I have a place where you can watch from St. Paul the oil cars. I can give you before and after from a couple years ago that are going through. A lot of these oil cars, these rail cars, are going through metropolitan areas and cities are grappling with what to do with it, but you also have these oil cars going through public areas. The railroads are trying to—I am not being heavy on the railroads. I mean, this just kind of took everybody by surprise. So you are going through tribal lands, you are going through public lands. What kind of relationship do you have with the rail companies, and especially with tribal areas when they are going through

because there have been mishaps with these oil cars. Who is responsible for cleanup, evacuation plans and reporting on our public lands and our partnership with our tribal brothers and sisters?

Mr. KORNZE. So rail transport would usually be outside of our purview but if we were called in for assistance with a cleanup or something like that, we would certainly provide any expertise that we have. But on your point, I do think the rail side of the question is somewhat fascinating. I saw a chart recently showing over the last 3 years the number of oil rail transport facilities that have been developed. There used to be literally a handful 3 years ago, and now there are probably around 100. So it is a fast growing part of the industry.

Ms. MCCOLLUM. Mr. Chair, I have a question on another topic, and I will save that for another round, but I think it pays to be proactive and to be prepared. I know the rail companies want to be prepared on this. Metropolitan municipalities are looking at what to do. I think we should also kind of have an action plan put in place for public lands as well as. Your work with the tribal areas where these oil cars are going through because for them to have the resources and to know how to, first responders and all that. What should happen? I think it is a shared responsibility between the oil producers, the rail companies, and I think we have a role in it as well. Thank you, Mr. Chair.

Mr. CALVERT. Thank you.

Mr. Stewart.

Mr. STEWART. Thank you, Mr. Chairman.

Mr. Kornze, thank you for being here. We enjoyed speaking with you yesterday. I am going to refer to that very quickly.

Before I get to the heart of my questions, I would like to respond to some of the things that have been said by other members. To Ms. McCollum, there is a real simple answer for the rail car issue, and that is build a pipeline, which many of us have been advocating for a long time.

Ms. MCCOLLUM. This is not the Keystone pipeline.

Mr. STEWART. I understand it is not, but I am just saying, in many case, that is the answer. It is a much safer, much more environmentally friendly way to transport oil in a pipeline rather than rail. If you are concerned about global warming, it is a much preferred and as I said, much safer option.

ANIMAL UNIT MONTH (AUM) RATES

And to the earlier conversations about AUM and the price of those, I just have to respond again from my own experience. I was a farmer and rancher. My wife was as well. I represent areas where there are vast swaths of BLM land that are leased out to ranchers, and to compare Utah with the West is not comparing apples and oranges, it is comparing apples and alligators because the West and vast parts of my district are desert, and the market rate for that probably is about \$1.50. It is not \$50 like Texas, which have these beautiful green pastures. This is desert land. By the way, you know, those folks are not making a lot of money. If you increase their AUM rates to \$50, what would be the outcome? They would be driven completely out of business. These are hard-working, in most cases not rich families, to describe them gra-

ciously. They make far less than your average Congressman, for example, and again, \$1.50 or whatever that might be may be the market rate for those desert leases.

SAGE-GROUSE

I am going to come back to that, if I could, and tie that in with something we have talked about a couple times here now, and that is with the burros and the horses, which we talked about yesterday. I appreciated our meeting, and I thought it was helpful, and in that, I felt like there were some areas that you and I could agree on and we do agree on, and hopefully we could work together, and I look forward to working with you on some of those things.

I have to say, though, that in general I left that meeting, or actually you left the meeting because it was at my office. I was a little bit discouraged about some things, and I realize that we do see the world differently in some meaningful ways, and I will mention one just quickly and I will not ask you to respond to it here because I do not think there is time, but one of them was, for example, Utah's efforts and what many of us are trying to do, and that is to avoid the listing of the Greater Sage-Grouse on the endangered species list, you indicated that, you know, you were not at this point satisfied with Utah's plan, and I thought initially interpreting your remarks as if they had been, you know, maybe remiss or not diligent in doing that, and as we talked, I realized it was not that, it was just that you felt like they had not enough of a regulatory approach to this, that their plan implemented more voluntary efforts, and I am comfortable with that because I trust the people in my State. We want to protect the species. None of us want to see a species extinct but I felt like your approach was much more regulatory oriented than mine would be. Is that true? Is that a fair synopsis of our different approaches to this?

Mr. KORNZE. I think I would recharacterize it a little bit in terms of when it comes to sage-grouse, the BLM is not the decider in terms of whether or not we go far enough. It is the Fish and Wildlife Service. And so what I was sharing was the BLM has been working to preserve and bring back sage-grouse habitat all across the West for quite a while. We presented a lot of this to the Fish and Wildlife Service and their response was, just to summarize it into a few words, "that is great," but that is not going to make the difference when it comes to a listing decision because the Fish and Wildlife Service, from my understanding, they have to look at regulatory certainty.

And so my comment was more based around the idea that if we are a family of States and agencies approaching this problem, then we need to figure out what the measuring stick is and try to accomplish whatever that measurement is together. I want to make sure that we are all headed in the same direction.

WILD HORSE AND BURRO MANAGEMENT

Mr. STEWART. And again, I would like to pursue that conversation with you maybe after or in another setting.

Let me come back to the horses if I could, and recognizing that my time may be short, you indicated in your testimony it may be 5 to 10 years to get a plan in place. Right now, I will not ask you

this question because I know you know the answer. Right now there is something like 50,000 feral horses and burros in the West under BLM control. Is that about right?

Mr. KORNZE. Ballpark, yes.

Mr. STEWART. Recognizing we do not go out and count them every day.

And legislatively, they are hoping for something less than half of that, 26,500. That is kind of what we consider an appropriate number in the West. Again, would you agree with that?

Mr. KORNZE. That is the management level.

Mr. STEWART. The management level we are seeking. We are nearly double that. Well, CRS estimates that these herds have the potential of doubling every 3 years, and if we have a 5- to 10-year window before we have these other, you know, some of the contraceptive plans in place, and we may be dealing with a huge number of horses here.

Now, if I could, I will end with this. This is a letter that I suppose hundreds of my constituents have received, who are farmers and ranchers out there trying to make a living, and I would like to read just part of it. This is from the BLM office in my district: "As you are aware, all or a portion of your livestock grazing allotment occurs on one of nine wild horse management areas." And then they go on to explain, you know, what that is and why that is regulated. But they say, "In order to manage the public land resources for healthy rangelands, we would appreciate and encourage you to evaluate your livestock operation and review your options and make adjustments so that livestock numbers can keep your use within these habitat areas below 50 percent."

Now, that is a scary thing for a rancher, to be directed by the BLM to say you have got to find ways to reduce your allotment by 50 percent, and the reason being is because you are in a horse management area when the horses are exploding in number. It is a real concern for me, as it is for many of them. I know it is a concern for you as well, and I am just pleading with you, a 10-year plan before we begin to use contraceptives, which will allow maybe double or triple the number of horses now is not a viable plan. I think we have got to be more aggressive. We have got to come up with something that brings some relief to these folks.

Mr. KORNZE. Thank you, Congressman, and I did appreciate the chance for us to talk through some tough issues yesterday. Your district is overwhelmingly public land, and I appreciate that things like wild horses and sage-grouse have an outsized impact on you and your constituents, and we want to give them the attention that they fully deserve.

In terms of a plan, I think one can come together in the coming months, but because of the FDA and others, it may take a while to get a drug in place that is workable. I think there are some other solutions we can bring to bear but we may need Congressional help. So if I could also keep that same bookmark that I have with Congressman Cole and come visit with you and the Chairman and the Ranking Member in a few months and talk through these issues in a little bit more detail, that would be excellent.

Mr. STEWART. Thank you.

Mr. CALVERT. Again, a comment. I think we ought to look at some money in the bill this year for spaying and neutering horses and burros. That will help resolve the issue.

Mr. STEWART. Yes, we would certainly support that. Thank you.

Mr. CALVERT. Mr. Joyce.

HYDRAULIC FRACTURING

Mr. JOYCE. Thank you, Mr. Chairman.

Good morning, Mr. Kornze. I want to follow up on some of the questions that our Chairman had started with. On the eastern side of Ohio, we have Congressman Johnson, Congressman Tiberi and myself representing an area with the Marcellus shale development. Hopefully it will continue and maybe even boom, which would be fantastic for us.

But I know how states, Pennsylvania and Ohio, have worked hard to develop sound and environmentally protective rules for hydraulic fracturing. State rules have evolved as technology has evolved, and the states do the permitting and also enforce the rules. If we have federal rules on hydraulic fracturing, can you tell me how this is all going to be worked out with the rules already set in place by these States? Will producers now be subject to both State and federal rules, or will the federal rules override the States, and do you believe the States have a better perspective in issuing rules for their own geography and terrain than a uniform rule from federal agencies? I am just concerned that these rules may cause serious confusion in States and the developers.

Mr. KORNZE. So if a developer was working on public assets, whether just minerals or surface property, the way it operates today, there would be no change to hydraulic fracturing. The developer would have to look at both sides and would have to basically meet the higher standard. And so that is the way that oil and gas works today and that is the way it will work in the future. I do not think that will be a surprise to any operators out there.

Mr. JOYCE. I yield back, Mr. Chairman.

Mr. CALVERT. I thank the gentleman.

Mr. Simpson.

Mr. SIMPSON. Thank you, Mr. Chairman, and Neil, welcome to the Committee and it is good to see you again. I hope the Senate actually decides to act on your nomination at some point in time, but as the Ranking Member said, we have tried to improve the Senate a number of times. We keep sending people over there, but they seem to get lost. No, I am just kidding.

Before I ask you what I want to ask you about, which you might guess, is sage-grouse, I have to respond to some of the comments that have already been made, and I want my good Ranking Member friend to know that I agree with your opening statement and TR's statement. I would also point out that there is a difference between use and abuse. TR never suggested that we do not use our public lands. And some of the best people trying to manage our public lands are the ranchers and other people that are out using them because that is how they make a living. So they try to—that is where the term “multiple use” comes from, which we like in the West.

WOLVES

The other thing, and this has nothing to do with you, Neil, so you can just listen to this part. I understand yesterday after I left—and I am sorry I had to leave yesterday because we had to start another hearing in Energy and Water, but I understand the debate about wolves came up and the delisting of wolves. I would have liked to have been here for that debate, and what I would like to do, and if maybe the Chairman would allow us to do it, I will bring you a great big picture that we will frame and put on the back wall, and it is of the 200 sheep that were killed one night, the five dogs and a horse that were killed one night by wolves in Idaho. I will not have the picture of the 40 that were killed the two nights before that from the same sheep. You have to remember, these wolves were reintroduced as a non-essential experimental population. Idaho, Montana and Wyoming have complied with what the requirements were when they were reintroduced, and it has now gone over to State management. Anybody who believed that we were actually going to reintroduce wolves into this environment and that they were not going to explode in numbers and that we were not going to have to manage them like we do other species was living in a fantasy world. That is why the Fish and Wildlife Service looked at all the plans that we put in place and said you know what? They have done and exceeded what we asked them to do, and that is why we delisted them in Idaho and Montana, particularly, and then later Wyoming.

Anyway, that has nothing to do with you. Sorry about that. Although they do come on your land.

You know, one of the other things I will say, just comparing the prices of what we charge for an AUM on public lands versus what the State charges is not a really good comparison. I find it interesting that when I talk to most ranchers that have allotments on both public lands and State lands, even though they are paying more on State lands, they would rather have the State land allotment than they would the public land allotment, the BLM allotment, because of the difficulties of dealing with the Federal Government, and I am not saying it is Neil's responsibility, but all of the issues that surround being on public lands makes it much more expensive. So you have to look at all of the factors that go into determining what you charge for an AUM. Does it need to be looked at again? I have no problem looking at it and seeing what the fair rate is and such, but it should be done in a holistic manner rather than just comparing prices.

SAGE-GROUSE MANAGEMENT

So anyway, let me ask you about sage-grouse. What is the biggest threat to sage-grouse habitat?

Mr. KORNZE. It depends on where you are. So if you look at the broad range of sage-grouse across 11 different States and if you look at the west side, which is basically the great basin, it is fire and invasives and conversion to grasslands, and then on the east side, it is fragmentation.

Mr. SIMPSON. Which gets us to the point. We did not do too much better in terms of wildfire management, and we can do a lot better

in terms of invasive species. One of our problems we have had is that we do not know in this Federal Government how much money we spend on invasive species. We really do not. We have tried to figure that out, and there is a bill being proposed or thought about—I do not know what stage it is in right now—about trying to coordinate what we do spend on invasive species and make sure it gets on the ground. Some people have said 80 percent of what we spend in the Federal Government on invasive species never makes it to the ground. I do not know if that is true or not because we cannot find out what we spend.

So I would hope you would work with us and the other federal agencies, whether it is the Forest Service or others, to try to develop an invasive species plan to address some of these issues. Where do we stand with State management plans? How many management plans have you approved? And of course, I am obviously interested in the State of Idaho's management plan, and how do you respond to what I hear from those people involved, whether it is a governor or other ranchers and people that are involved in developing the State management plan, that while they were going to be active participants in developing a management plan to start with, they now feel relegated to just being public witnesses more or less, and they want to be active players in development of the State management plan. What are your thoughts on that?

And finally, is the \$15 million you propose in your budget for sage-grouse management that you have done in similar years past, is that enough to actually address this issue so that we can—I think what we all want is not to list sage-grouse.

Mr. KORNZE. All right. A lot to cover there. I will try to do it quickly. In short form, we are all working with the Fish and Wildlife Service to figure out how high the bar is. In Idaho, I am proud to tell you that every week our team and BLM sits down with the State and the Fish and Wildlife Service and we work through discussions and conversation about what a final plan could look like for the management of public lands in Idaho related to sage-grouse.

SAGE-GROUSE COORDINATION

Mr. SIMPSON. Along that same line, if I could ask you that the BLM and Forest Service and others sit down with the State people in Idaho. Are the D.C. BLM people coordinating with the State people? Because sometimes we hear, you know, Fish and Wildlife and BLM in Idaho agree with the State people or they come to some agreement, and it gets lost when it comes to Washington. What is the coordination between D.C. and the States?

Mr. KORNZE. So there is coordination but I think in the Idaho context, it is important to explain that there is the Fish and Wildlife Service, which is sort of the judge and jury on this issue. They offered a letter to the State of Wyoming that said your plan is golden, and that was a plan not just for public lands but also for private lands, so we are all sort of tiering in and connecting to that plan. In Idaho, the State got a letter saying we think the concepts you put forward for the BLM EIS are laudable and there are some parts of that stand above but they did not bless the Idaho approach fully, the State's approach.

So what we did is, we co-identified—we do not do this very often but we picked two preferred alternatives, both the one that we had developed with all of our partners including the State and then the State's alternative. So right now we are trying to mesh those into a plan that will work and that will meet the standards that the Fish and Wildlife Service has put out there. And so we coordinate that on the west side of the sage-grouse range, on the east side, and then with the D.C. operation as well.

Mr. SIMPSON. Thank you.

Mr. CALVERT. Thank you.

Mr. Valadao.

MONTEREY SHALE DEVELOPMENT

Mr. VALADAO. Thank you, Mr. Chair.

Mr. Kornze, please describe the department's resource goals and objectives with respect to development of the Monterey shale resources that are likely to be found on BLM lands in California. The existing goal for energy development and resources management plan of BLM's Hollister, California, district balances resource conservation and ecosystem health with the production of commodities and with public use of land from a policy standpoint. In view of the language BLM uses to describe its multiple-use mission in the discussions of the Federal Land Policy and Land Management Act on the agency website, does the department plan to achieve this balance in a manner that allows development of the Monterey shale as one of BLM's multiple-use goals?

Mr. KORNZE. I appreciate the question. The Monterey shale is somewhat of a fascinating corner of what we manage in that it is the source rock for many of the large oil and gas plays that have historically been seen in California, and some people think it is one of the largest oil and gas plays anywhere in the world. There is also thought that it might be one of the more fractured geologic formations that has ever been approached in terms of oil and gas, and so I think that may be part of the reason why we have not seen vast exploitation of the resources to date.

We are undertaking sort of a fresh look at some of our planning efforts in California right now to make sure that we have a good, legally defensible foundation to move ahead should those resources turn out to be economically viable, and so we are working through that. It may take us a year or two but I think we are headed in the right direction.

Mr. CALVERT. I think we should probably call it Fresno shale rather than Monterey. We would probably shave about 3 years off the permitting process.

Mr. CALVERT. Because of the vote and because of another hearing we are going to here at 11 o'clock, I will adjourn and ask that members submit any remaining questions and comments for the record.

I am going to call you Director to give you good luck, Neil.

So with that, we are adjourned.

U.S. House of Representatives
Committee on Appropriations
Subcommittee on Interior, Environment, and Related Agencies
FY15 Budget Hearing: Bureau of Land Management
April 4, 2014
B-308 Rayburn HOB

Questions for the Record—Director of the Bureau of Land Management

Questions from Mr. Calvert

Energy

We understand that the Department intends to issue final regulations on hydraulic fracturing this year. There are a number of concerns about these rules, including States already regulating hydraulic fracturing. But one of the major concerns is further delays in permitting. According to a GAO report issued last fall, the average time to receive a drilling permit on Federal lands is now 229 days, substantially beyond the 30 day requirement. In many cases, it can take up to a year to issue a BLM permit. The effects of delays in leasing and permitting has resulted in declining rather increasing production on Federal lands as producers take their business instead to State and private lands.

Calvert Q1: With our country's need for natural gas, and now an international situation, can we afford to have even more production delays due to a new hydraulic fracturing rule?

Answer: The Bureau of Land Management (BLM) has an important role to play in ensuring the safe and effective use of hydraulic fracturing techniques on Federal and tribal lands. As part of that responsibility, the BLM is developing regulations to update the current rules covering these operations, which are over 30 years old and do not address recent advances in technology. The proposed rule would create a common set of minimum standards for operations on these lands across the country, including in States and on Indian reservations that are not regulating hydraulic fracturing. The BLM is working with State regulatory agencies and Tribes on an ongoing basis to eliminate duplication and promote efficiency, particularly where a State or a Tribe may have rules in place that complement the BLM rule. The BLM has entered into Memoranda of Understanding with many States to work together to enforce regulations in an efficient manner, as they currently do in administering existing regulations covering oil and gas development. The BLM does not expect the hydraulic fracturing rule to create significant delays in permitting new projects.

Calvert Q2: What are steps are you taking now to address permit delays? Will you assure us if this rule is issued that the situation won't get worse?

Answer: The BLM is continuing to make improvements to streamline the permitting process. At the end of Fiscal Year (FY) 2013, there were 6,711 permits that had been approved and not yet utilized by industry. These are permits that are shovel-ready for oil and gas development on Federal and tribal lands. The average approval time for an Application for Permits to Drill

(APD) in 2013 was 194 days nationwide, down from 228 days in 2012. Approximately 50 percent of APD approval time is spent working with operators to ensure their applications are complete. The remaining 50 percent is attributable to BLM processing. To further improve processing time, the BLM is developing and in the process of rolling out an automated permit system that will improve the flow of data and enable operators to see what data may be missing from an application, as well as view the approval progress.

Calvert Q3: What are you doing to help rather than hinder development on Federal lands?

Answer: The BLM plays a key role in the Department's Powering our Future initiative by responsibly providing for conventional and renewable energy resource development on our Nation's public lands. As part of this effort, the BLM strives to improve the timeliness and predictability of the development process for operators. At the same time, BLM must balance these goals with the need for accountability to the public and taxpayers, proper safety oversight, and environmental protection in the oil and gas operations it oversees.

Currently, nearly 36 million acres of Federal land are under lease for oil and gas development with only about 12.5 million acres producing oil and gas and industry holding roughly 7,000 "shovel-ready" permits to begin drilling. The FY 2015 President's Budget proposes a per-acre due diligence fee on new non-producing oil and gas leases to encourage production on these leases. The 2015 budget request also includes targeted funding increases for BLM's oil and gas program that, among other things, will allow BLM to fill vacant positions and expand staff in key locations with heavy workload and will support implementation of leasing reforms that have helped reduce litigation that impedes onshore oil and gas development. In addition, the budget proposes instituting an inspection and enforcement fee that will enhance BLM's capacity to properly manage oil and gas development, respond to market demands, and encourage more diligent development of these resources.

Other examples of BLM's efforts to support responsible development on Federal and Tribal lands are its development and implementation of a new electronic system for processing APDs, and the deployment of teams of technical specialists to the offices with the highest permitting workload such as Carlsbad, NM; Vernal, UT; and Dickinson, ND.

Calvert Q4: Will the rule reflect that lands that are held in trust for sovereign tribes are for their economic benefit—not ours? Or will the rule have a one-size-fits-all policy for all "Federal" lands?

Answer: The goal of the hydraulic fracturing rulemaking is to ensure a minimum baseline standard for operations across Federal and Indian trust minerals. The hydraulic fracturing rule will not change existing law with respect to Tribes' share of economic benefits from oil and gas development on tribal lands. The BLM intends to continue to work with the State and tribal regulatory agencies to avoid duplication of requirements from certain States (on Federal land) and Tribes (on tribal land) while also protecting Federal and tribal interests and resources.

Sage-Grouse

This Subcommittee has invested \$30 million in FY13 and FY14 for the BLM to develop and implement sage-grouse conservation plans, and the budget requests \$15 million in FY15.

Calvert Q5: Please tell us why all of this planning has been necessary, and whether the plans are now completed.

Answer: The BLM is currently in the midst of an unprecedented national planning effort to conserve sage grouse habitat with Federal, State, and local partners across the West. By proactively implementing the right policies and conservation measures now, the BLM hopes to reduce long-term regulatory burdens on stakeholders. Under the national planning effort, the agency is updating 98 land use plans to incorporate conservation measures that address threats to Greater Sage-Grouse and its habitat as identified in the U.S. Fish and Wildlife Service (FWS) Conservation Objectives Team Report. The U.S. Forest Service (USFS) is included in 21 of these plans. The goal of these plan revisions is to remove the threat of inadequate regulatory mechanisms to ensure the species survival as cited previously by the Fish and Wildlife Service so the need for a listing under the Endangered Species Act is deemed unnecessary.

The BLM is on track to complete its National Greater Sage-Grouse Planning Effort by the end of calendar year 2014. In the interim, the BLM and the USFS have issued temporary policy guidance to conserve the Greater Sage-Grouse and its habitat.

Calvert Q6: How can BLM make progress on conserving sage-grouse if BLM is still in the planning stage?

Answer: To ensure pragmatic sage-grouse conservation measures are taken while the planning process is underway, the BLM in 2011 formally adopted interim Greater Sage-Grouse management policies to guide land use authorizations. These measures help the BLM (and USFS) determine whether to authorize or continue certain activities in Greater Sage-Grouse habitat, and help to ensure that Greater Sage-Grouse populations and habitats are maintained or improved with minimized habitat loss. These conservation efforts occur across BLM programs, including wildland fire management, vegetation restoration, and conventional and renewable energy development.

The BLM will continue to conserve sage grouse habitat under its interim guidance until the national planning process is completed with the full involvement of State agencies and other stakeholders across the West.

Calvert Q7: If the plans have yet to be fully completed, and land management actions prescribed in those plans haven't yet been implemented, as the head of a land management agency, don't you think that a Fish and Wildlife Service decision to list sage-grouse next year would be premature?

Answer: Listing decisions are the purview of the FWS based on the available information on a species' status and threats to the species and its habitat. The timeline for completing the Greater

Sage-Grouse listing decision was part of a larger settlement agreement of litigation challenging the FWS' actions regarding many fish and wildlife species. The BLM is making every effort to address the threats to the Greater Sage-Grouse and its habitat so that listing the species under the Endangered Species Act is unnecessary and our plans will be completed in time to inform that decision.

Calvert Q8: Is BLM capable of doing more to fight invasive species and reduce hazardous fuels in order to restore sage brush habitat?

Answer: The Greater Sage-grouse plan revisions and amendments will each include a strategy to address invasive species and hazardous fuels. These strategies have been developed in collaboration with Federal, State, and private partners. The strategies will prioritize areas for treatment and allow for the leveraging of partner funds to increase the scope, scale, and effectiveness of treatments.

Calvert Q9: What would be the impact of a listing decision on America's energy production?

The Association of Fish and Wildlife Agencies recently sent a letter to the President, asking the Administration to slow down on a number of environmental and energy initiatives that impact sage-grouse habitat, including the Rapid Response Team for Transmission and Integrated Interagency Preapplication Process.

Answer: If the Greater Sage-Grouse is listed under the Endangered Species Act, the BLM would be required to consult with the FWS for all actions authorized, funded, or carried out by the BLM that have the potential to jeopardize the species and/or adversely affect its habitat.

Calvert Q10: Is it possible that the priority this Administration has placed on renewable energy development, and the pressure placed on BLM to deliver, is conflicting in any way with BLM's ability to conserve sage-grouse?

Answer: The BLM's multiple-use and sustained yield mission under the Federal Land Policy and Management Act of 1976 (FLPMA) requires balancing the mobilization and development of resources on public lands with the conservation of other resources and uses, including the Greater Sage-Grouse and its habitat. The priority to develop renewable energy on lands managed by the BLM requires ongoing and careful consideration of the effects on resources like Greater Sage-Grouse and its habitat. The BLM land use planning process is an important and necessary step to ensure management of public lands allows for both the development of energy resources (including both renewable and conventional) to meet the Nation's increasing needs and the sustainable management of natural and cultural resources.

Feral Horses and Burros

Calvert Q11: Does an environmentally-safe, cost-effective chemical sterilization solution for feral horses and burros exist?

Answer: Although the BLM is expanding its research into the development of longer acting, more effective population growth suppression treatments, at this time there are no cost-effective chemical sterilization solutions available for the wild horses and burros the agency manages under the Wild Free Roaming Horse and Burro Act of 1971. The goal of the recently published Request for Applications (RFA) is to engage universities, independent researchers, and other non-profit entities to help the BLM develop more effective, science-based population growth suppression tools for use in the field. The RFA deadline for submissions is May 7, 2014, after which the BLM will thoroughly evaluate the submitted proposals.

Calvert Q12: Is spaying and neutering a more cost-effective alternative?

Answer: The costs and benefits of sterilization have not been evaluated by the BLM at this time. Several surgical procedures exist for spaying and neutering domestic equids; however, work is needed to refine these procedures for application to wild horse herds on the range.

Calvert Q13: Are feral horses and burros on the range negatively impacting sage-grouse and/or sage brush habitat?

Answer: At this time, the BLM has seen no data that indicates feral or wild horses have any greater effect on sage grouse habitat than other large herbivores. The BLM will continue to aggressively monitor the range and associated utilization rates while making adjustments based on sound rangeland management practices and the best available science.

Calvert Q14: What steps has the BLM taken to begin to make more credible, scientifically-based estimates of feral horses and burros on the range?

Answer: The BLM has entered into an Interagency Agreement with the United States Geological Survey (USGS) to acquire the technical expertise and assistance to implement scientifically rigorous population survey methods that were endorsed by the National Academy of Sciences and recommended by the USGS. This year the BLM will use these methods to complete surveys in over one-third of the 179 herd management areas.

Calvert Q15: Do you plan to take feral horses and burros off the range in FY14? If so, when and where? If not, why not? What is the plan for FY15?

Answer: For both FY 2014 and FY 2015, the BLM will be examining several factors when considering the removal of wild horses and burros from the range, including court orders; private land owner requests; public safety concerns or risks to human health; emergencies; and escalating issues. Due to unsustainable funding resources and systematic problems concerning limited remaining space in short- and long-term holding facilities, the BLM's ability to remove animals from the range and ensure ecological balance has been constrained. While no easy solutions exist to the challenges presented by the management of wild horses and burros, the BLM remains committed to engaging in constructive dialogue to promote sustainable land management policies across all uses.

Public Lands Foundation

The BLM proposes that Congress establish a new Public Lands Foundation, similar to the models of existing foundations for the national parks, national forests, and fish and wildlife. The obvious question is how a Public Lands Foundation will represent the diverse constituencies of its multiple use mandate.

Calvert Q16: Is it the intent that the Public Lands Foundation will focus on the National Landscape Conservation System? Please explain.

Answer: The BLM Foundation would increase public benefits to the National System of Public Lands – all BLM-managed lands - by leveraging private partnerships. As the BLM's national charitable partner, the Foundation would support programs and activities on the approximately 247 million acres of public lands managed by the BLM.

The BLM is the last major Federal land management agency without a congressionally chartered foundation. Considering the BLM's broad mission, a foundation would provide the bureau with significant new tools to expand partnerships and allow the public to support critical programs and activities for which they have a passion, such as the Wild Horse and Burro Program, the National Landscape Conservation System, habitat restoration, or others.

Calvert Q17: When do you plan to submit a legislative proposal to establish the foundation?

Answer: We are working on the legislative proposal and look forward to working with Congress once it is transmitted.

GIS/Mapping

In this day and age of Google Earth and similar software, I would assume that every BLM field office manager would know the details of the lands he or she is responsible for.

Calvert Q18: Please give some examples of what BLM land managers don't know about lands under their care, and how additional investments in mapping technology will help?

Answer: The BLM has collected, managed, and used geospatial technology for over 30 years, primarily at a local, field office level, to support everyday work flows and management decisions. In the past, each field office served as its own data center.

Increasingly, land management decisions and actions cross the jurisdictional boundaries of field offices and even States. Multiple, emerging issues, including energy, drought, sage grouse conservation, and climate change, require enterprise-level geospatial data to support decisions and actions that achieve the best outcomes. One example of a business need for this approach is in the siting of transmission lines, which support the energy industry's investment in necessary upgrades to the western power grid. These transmission lines cross multiple States and run through lands managed by dozens of BLM field offices. This necessitates integration of locally

collected data to collaboratively evaluate cumulative impacts and reduce risk across the broader landscape.

The BLM is committed to taking a generational leap forward in its geospatial mapping capabilities to provide better, more usable information to the public, industry, and its own employees. The President's FY 2015 Budget supports these investments to transition existing geospatial data "stove-pipes" into enterprise-level geospatial data that will improve collaboration with other Federal agencies, Tribes, State and local governments, and the public.

Calvert Q19: I would have expected the USGS to serve as the mapping program for the entire Department of the Interior, and to provide BLM with the maps it needs in order to do its job. Is that not the case?

Answer: The USGS is the national mapping organization for the United States and provides base mapping information that BLM adds to with its mission-specific data. The BLM's mission-specific geospatial data includes datasets related to surveys, oil and gas leasing, range improvements, wildland fire, wildlife habitat, archaeological sites, invasive species, and rights-of-way. Much of BLM's work is at a level requiring small-scale accuracy and on-the-ground specialist input.

Calvert Q20: Does USGS charge the BLM an overhead rate for their services, and, if so, what is it?

Answer: The USGS does not charge for mapping and remote sensing data. The BLM does pay the Department of the Interior's working capital fund \$2.2 million (2014 billed, 2015 estimate) for GIS systems and software. Additionally, under Economy Act reimbursable agreements with the USGS, the BLM pays indirect administrative costs for services received from USGS. The USGS bureau overhead rate is 12 percent. The overhead rate for individual science centers varies and is charged in addition to the bureau overhead rate.

Range Management

The proposed \$1 fee per AUM is a 74% increase on grazing permittees.

Calvert Q21: How did the BLM come up with this number?

Answer: The BLM analyzed several options to recover some of the costs of processing grazing permits/leases from the permittees who are economically benefitting by their use of the public lands. The BLM evaluated the proposed Permit Administration Fee based on a standard fee scenario, an actual permit-processing cost, and a fee based on amount of grazing use. The "standard fee" puts a disproportionate burden on the small permittees; an "actual cost of processing" fee would often be based on issues outside of the permittees' control; so a fee based on actual usage seems most appropriate. The fee, as proposed, would allow BLM to recover a portion of the costs of issuing grazing permits/leases on BLM lands that are tied to resource use. The BLM is asking Congress to enact appropriations language that will allow BLM to collect

this Permit Administration Fee since it could be implemented (billed and collected) using the same process as the annual grazing fee.

The fees are proposed to assist the BLM in processing its backlog of pending applications for grazing permit renewals and to cover other costs related to administering grazing permit-related activities, such as monitoring and land health evaluations. There is a wide variability in costs to process a permit depending on location, intensity of public interest, and complexity of issues rather than on the amount of resources used. Some permittees have multiple permits in high-cost areas. Consequently, the average cost of processing permits in each State currently ranges from \$900 to \$40,000. The proposed fee spreads out the costs over the life of the permit and charging a fee based on AUMs ties the fee to the actual use of the resource and would be more equitable for all permittees.

There is an average of 8.5 million AUMs billed each year. A \$1-per-AUM fee, which would generate \$8.5 million each year, would cover about one-third of what BLM expends each year for processing grazing permits. A "standard" fee to cover one-third of the cost of processing permits would be about \$4,000 per permit. For a large permit, this would be less than the \$1 per AUM fee. For a small permit, it would be around \$4 per AUM or more. On an "actual cost" basis, a small permit (less than 100 AUMs) in a high cost area could cost as much as \$40 per AUM per year. To cover one-third of the actual cost would be as much as \$13 per AUM per year for a small permit. There are advantages and disadvantages to either a "one time" processing charge or an "actual use" fee, but an "actual-use-based fee" appears most equitable for all permittees.

The pilot period and development of regulations with participation by permittees and interested public gives us an opportunity to further assess whether the proposed "per AUM" basis of the fee is the most equitable for implementation on longer-term basis.

Calvert Q22: The BLM states it would like the authority to collect an additional \$1 per AUM for three years until it can complete cost recovery regulations.

Do you have a current estimate of what the cost recovery fee might be?

Answer: The BLM does not currently have an estimate for the cost recovery fee. During the period of the pilot, the BLM will develop regulations for cost recovery.

Calvert Q23: Why does the BLM's proposed grazing fee charge per AUM rather than per permit when the fee is supposed to offset the cost of permits (similar to oil and gas permits)?

Answer: As explained in the answer to Question 21, BLM analyzed several fee proposals and determined that a fee charged on the basis of AUMs billed is the most equitable for permittees.

Calvert Q24: How much funding would it take to catch up on the permit backlog?

Answer: The needs of the program are articulated in the President's FY 2015 Budget Request. The renewal of livestock grazing permits and leases (permits) is the highest priority for the

BLM's Rangeland Management program, and the agency is working diligently to process grazing permits as they expire and after a transfer of grazing preference. The BLM is continuing to improve permit renewal procedures by prioritizing allotments in environmentally sensitive areas. However, the BLM is facing several challenges that are impacting the agency's ability to reduce the number of unprocessed permits. The processing of permits for allotments with land health concerns or resource conflicts is time intensive and often requires land health evaluations, Endangered Species Act Section 7 consultations, and possible administrative appeals and litigation. Additionally, court decisions affect the time BLM allocates to process permits and complete other work. The BLM is committed to efficiently processing grazing permits and is currently implementing provisions to streamline the permit renewal process with authorities provided in the FY 2014 Appropriations Act. The BLM is also exploring ways to further streamline permit renewal processes through legislation, regulation, and/or policy.

Hazardous Fuels

Last year there were terrible range fires. The subcommittee worked closely with the BLM and the Department trying to expedite the release emergency stabilization dollars so that the BLM could buy seed and start replanting some of the areas burned by fire. Still, this seemed like a needlessly complicated process.

Calvert Q25: How could this process be improved/streamlined?

Answer: Fire season severity has increased in recent years due to decreased snow pack, increased temperatures, and longer droughts, among other factors. Taken together, these factors confront the BLM and the Department of the Interior with distinct challenges in actively suppressing new fires, while also conducting critical emergency stabilization operations in post-fire areas. While there were some delays in the release of Emergency Stabilization funding to BLM in the Fall of 2012, due to the considerable amount of time it took for each bureau and office to develop Budget Operating Plans and have them approved, there were no such problems during FY 2013.

During a severe fire season, if the suppression account becomes depleted, the transfer of additional funds from the parent DOI Wildland Fire Management account to the BLM for emergency stabilization is necessary. The Department has a prioritization system in place in order to decide which projects to fund. Additionally, the end of the fire season and development of rehabilitation plans generally occur in the Fall, near the end of the fiscal year. Fund transfers and the obligation of funds for emergency stabilization and rehabilitation work tend to occur during the transition between fiscal years, when future appropriations are often uncertain and when the financial system experiences a blackout period. These complications can sometimes delay on-the-ground work.

The President's budget proposal for FY 2015 includes a new approach to wildland fire funding that would help address these problems. The budget proposes to amend the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, to establish a new budget framework for the Wildland Fire Management program that is designed to provide stable funding for fire suppression, while minimizing the adverse impacts of fire transfers on the budgets of other fire

and non-fire programs. In this proposed new budget framework, a portion of the funding need for suppression response is funded within the discretionary spending limits and a portion is funded in an adjustment to those limits. The budget proposes base level funding of 70 percent of the 10-year average of suppression costs to be funded within the discretionary cap. The proposed cap adjustment would fund the remaining amount identified need for suppression. The base level of funds ensures that the cap adjustment is only used for the most severe fire activity. Having the cap adjustment available to cover the costs of extreme fires or when the cumulative costs of suppression operations deplete base suppression funding will alleviate the depleting effect of severe fire seasons on the suppression budget and reduce the need for transfers among fire funds and from non-fire programs that can delay on-the-ground emergency stabilization and rehabilitation work.

Additionally, the BLM Seed Warehouse System has established two seed warehouses and a working capital fund to create a baseline store of seed that can be made rapidly available when emergency stabilization and rehabilitation plans are completed after fires. The purpose of the fund is to ensure that stabilization and rehabilitation work can begin without delays associated with the procurement process.

Calvert Q26: Why don't state directors have the flexibility and funding they need to re-seed and rehabilitate rangelands as quickly as possible?

Answer: With an increase in the frequency and severity of wildfires across the West, particularly given the resulting impacts to sage-grouse habitat, restoration projects require national prioritization. The Department of the Interior has developed a national strategic evaluation process to objectively assess factors such as the probability of success and the resource values at risk. The BLM now evaluates, with input from its State Directors, all wildfire damaged lands in sage grouse habitat and prioritizes resources for the native plant communities most vital to the conservation of the species.

The BLM has also established a Seed Warehouse System which provides storage capacity for two million pounds of seed. This Seed Warehouse System increases efficiencies for procurement, storage and availability of seed for the Bureau. Seed is an expensive commodity and the Seed Warehouse System will ensure the BLM can both obtain the best seed for the best value and use state-of-the-art storage facilities to protect its investment.

Landscape Conservation Cooperatives

Calvert Q27: Please explain what the Department's Landscape Conservation Cooperatives do.

Answer: Landscape Conservation Cooperatives (LCCs) are important applied conservation and restoration science partnerships that are comprised of a network of land, water, wildlife, and cultural resource managers, scientists, and interested organizations. These individuals and groups have long shared a common need for scientific information to pursue effective conservation. Since 2009, the Department of the Interior has established 22 LCCs, each guided by an independent steering committee to serve as a structure to address these challenges by working collaboratively across Federal and State agencies, Tribes, industry, non-governmental

organizations, academic institutions, and other stakeholders to identify critical science needs and address gaps. Each one of the LCCs serves two main functions:

- Promote collaboration among members in defining shared land, water, wildlife, plant, and cultural resource goals. Partners identify where and how to take action within their own authorities and organizational priorities to best contribute to the larger LCC effort.
- Provide the science and technical expertise needed to support conservation planning at landscape scales – beyond the scope and authority of any one organization. Through the efforts of in-house staff and science-oriented partners, the LCCs generate the tools, methods, and data that managers need to design and deliver effective and efficient conservation and protection. The LCCs keep an ongoing dialog between scientists and resource managers to create a mechanism for informed planning, effective conservation delivery, and adaptive monitoring to evaluate the effects of management actions.

Please see the answer to Question 30 below for an example of how one LCC is helping BLM get its work done.

Calvert Q28: How are they funded through BLM’s budget?

Answer: The BLM participates in 11 western LCCs, but provides funding only to the Great Basin LCC. In FY2014, \$1.4 million was provided for staffing, operational support, and projects through the Soil, Water and Air Management program.

Calvert Q29: What are their performance measures?

Answer: In response to Congressional direction, the Fish and Wildlife Service has developed a Science Investment and Accountability Schedule for the LCCs to help determine performance and serve as one marker for budget decisions among LCCs. It is comprised of eight interrelated *conservation activity areas* and associated benchmarks that are guided by the Strategic Habitat Conservation framework in support of the LCC Network’s Vision and Mission. The BLM has not developed an independent set of performance measures. The FWS’ eight activity areas are:

1. Organizational Operations
2. Landscape Conservation Planning Foundation
3. Landscape Conservation Design
4. Informing Conservation Delivery
5. Decision-based Monitoring
6. Research to Support Adaptive Management
7. Data Management and Integration
8. LCC Network Function

Calvert Q30: What accomplishments and goals are they meeting?

Answer: The 22 LCCs have made significant progress in developing the science, information, and partnerships needed for ensuring the sustainability of our economy, land, water, wildlife and

cultural resources. The LCCs have developed strong collaborative partnerships among Federal and State resource management agencies, Tribes, NGOs, industry, private landowners, and others across the Nation. As partners in the LCCs, these organizations are sharing resources (data, scientific capacity, funding) and identifying shared priorities (such as species and habitats collaboratively identified by LCC steering committees) for conservation of large, connected natural areas. This work involves establishing explicit conservation objectives and targets and preparing biological plans and landscape conservation designs in support of achieving these targets. As a result, partners can better align their funding and personnel to implement or complement the specific activities identified.

The LCCs are identifying and addressing shared science needs and developing the information and tools necessary for strategically delivering on-the-ground conservation actions within large, connected natural areas. Specifically, the Great Basin LCC is organizing Great Basin climate meetings, facilitating an interagency review of the recently completed Central Basin Rapid Ecoregional Assessment to identify potential interagency conservation and development priorities, compiling a bibliography of climate change related tools and case studies for the Great Basin, developing a three to five-year science plan for the LCC, and funding research on a variety of topics including restoring sage-brush ecosystems and understanding the causes and consequences of cheat grass die-offs.

Cost of Litigation

Lawsuits are having a large impact on land management agencies. Appropriators need to know the true cost of litigation to understand exactly what Congress is funding.

Calvert Q31: How can the BLM start accounting for these costs so that Appropriators know what they're funding?

Answer: To better track the direct costs of litigation to the agency, the BLM has established five litigation categories with trackable coding mechanisms that employees use to input into the bureau's time and attendance system when engaged in litigation related activities. This data is then tracked and analyzed in the Bureau's cost management and financial system. The BLM is also in the process of drafting policy to provide bureau-wide guidance and ensure diligent and accurate reporting of litigation costs.

Native Plant Materials Development Program

As you know, the Bureau of Land Management has for a number of years supported the Native Plant Materials Development Program which supports a number of activities related to research, seed banking, and addressing the threats to rare and endangered plant species as well as the problems posed by invasive species.

Calvert Q32: Please list the amount of funding for this program for each of the past five fiscal years, the current fiscal year, and the amount proposed for fiscal year 2015.

Answer: Funding totals for the BLM's Native Plant Materials Development Program over the past five fiscal years is provided below.

NATIVE PLANT MATERIALS DEVELOPMENT PROGRAM FUNDING
(in millions)

Year	Soil, Water & Air Management	Wildlife Management	American Recovery & Reinvestment Act	Total
FY 2010	\$3.0	\$4.6	\$1.3	\$8.9
FY 2011	\$3.0	\$4.6	\$0.0	\$7.6
FY 2012	\$3.0	\$4.6	\$0.0	\$7.6
FY 2013	\$3.0	\$4.6	\$0.0	\$7.6
FY 2014	\$2.5	\$4.6	\$0.0	\$7.1
FY 2015	\$2.5	\$4.6	\$0.0	\$7.1
Total	\$17.0	\$27.6	\$1.3	\$45.9

Calvert Q33: Please describe in detail the activities funded.

Answer: The BLM Native Plant Materials Development Program works within eco-regions across the western United States by collecting native seed to use in the development of native plant crops for restoration of native plant communities after wildfire, invasive weed removal, and other land disturbances. The program focuses on restoration of species and has made about 16,000 collections of more than 5,000 species in its 12-year history. Annually, the program makes approximately 1,500 seed collections and works with hundreds of partners including other Federal agencies, private businesses, and non-governmental organizations on the various phases of native plant development. To develop a crop from wildland seed can take 10 to 20 years of research, and most native plants have not had the necessary research done to ensure that a private grower can grow them commercially. This important program works to fast-track this process by working with an array of partners on thousands of native plant species across the different western eco-regions.

Calvert Q34: What, in your judgment, are good next steps to address the challenges to native plant populations?

Answer: The BLM faces many challenges as a steward of public land in working with other land managers and stakeholders to address the more than 17 million acres of Western rangeland impacted by invasive species. Central to BLM's efforts to collaborate across jurisdictional lines in support of native plant communities are the 70 Cooperative Weed Management Areas (CWMA) in which the BLM participates. These CWMAs help the BLM work with county governments, local community governments, and private landowners to treat weed infestations while leveraging funding and sharing expertise.

The BLM is also working to address challenges to native plant populations by convening an Interagency "Seed Summit" this summer while also implementing an Interagency Seed Strategy

to ensure that within five years, restoration on BLM and other Federal lands will be completed using only locally-adapted native plant materials.

Once fully operational, the BLM National Seed Warehouse in Ely, Nevada, will further provide important contributions to fighting invasive species by expanding native plant material collections. The BLM is also further developing operational agreements with seed warehouses managed by the States of Colorado and Utah.

In addition to expanding operations and increasing partnerships to address invasive species today, the BLM is also working with universities and botanical research organizations to educate the next generation of professional botanists and plant ecologists. The Conservation and Land Management Intern Program allows the BLM to mentor recent college graduates, and has brought nearly 1,000 interns onto Federal lands over the past 12 years. The BLM remains committed to working with its many partners and stakeholders to ensure the long-term health and productivity of public lands for future generations.

Rights-of-Way

Electric co-ops are having problems getting exemptions from paying rent when requesting a Right-of-Way (ROW) or renewing an existing ROW across BLM lands. BLM is requiring that the Rural Utility Service (RUS) certify that each electric co-op project that is requesting an exemption from rental payments for a ROW is financed or eligible for financing pursuant to the Rural Electrification Act. Because of staff shortages and some recent changes in law, RUS does not have ready access to the type of information BLM is asking them to provide for this purpose. Instead of working together to find a solution, there seems to be a blame game going on between the two agencies and the co-ops who should be eligible for exemptions are paying the price. According to the Federal Land Policy and Management Act (FLPMA) Sec. 504 (g), BLM is directed to “grant, issue, or renew rights-of-way to rural electric and telephone facilities without rental fees,” provided they are “eligible for financing pursuant to the Rural Electrification Act, determined without regard to any application requirement under that Act.” In one recent instance, an applicant has been waiting more than two years for BLM and USDA to coordinate their activities and still has not made a determination.

Calvert Q35: Can you ensure that BLM will work with USDA to ensure that the law is carried out as intended and the applicants have a more fair and open process?

Answer: The BLM is currently working with the USDA Rural Utilities Service (RUS) to assist with the facility certification process. The BLM’s rental exemption is based on eligibility for financing on a facility by facility basis. The BLM is working in cooperation with the USDA RUS office to assist with the certification of eligibility. The BLM and the USDA are working on a Memorandum of Understanding to streamline processing of rental exemption requests for electric and telephone cooperatives.

Oregon and California Grant Lands

Last summer the DC District Court ordered the BLM to substantially increase its timber sale program in Southwest Oregon under the requirements of the O&C Act. The Committee understands that the BLM plans to offer approximately 231 million board feet (mmbf) of timber throughout Western Oregon in FY14, up from 197 mmbf in FY13. The FY 15 budget request proposes to cut approximately \$6 million from BLM resources (timber) management programs. The Bureau Highlights document also indicates that timber sale levels in FY15 are likely to be comparable to the FY13 levels, not the increased FY14 levels.

Calvert Q36: How does the BLM intend to comply with the recent court order and provide additional timber volume in Western Oregon and how are these cuts consistent with the court order?

Answer: The court's order requires the BLM to offer for sale a volume of timber that is at least 80 percent of the declared Annual Sale Quantity, an amount that is based on the harvest land base in the BLM's Resource Management Plan within district administrative boundaries for the Medford and Roseburg Districts. The BLM is considering ways in which it can offer for sale timber volume in the Medford and Roseburg Districts in compliance with the court order. Because this matter is still in litigation, the BLM is unable to comment on specifics.

Calvert Q37: What volume of timber does the agency intend to offer in each of the six BLM Districts in Western Oregon in FY15?

Answer: As stated in the President's budget, the BLM plans to offer 203 million board feet (MMBF) in western Oregon in FY 2015.

Calvert Q38: The Administration's Budget also proposes cutting over \$4 million from the Resources Management Planning program. The Committee understands that the BLM is currently developing new Resource Management Plans (RMPs) for BLM lands in Western Oregon, including the O&C lands. These plans are being developed after the Department sought to "withdraw" plans that were adopted in late 2008. The Committee understands that a significant amount of work remains to complete these new RMPs and that their completion is likely to be delayed into FY16 not the June 2015 target date cited in the budget. Even if the agency does complete the RMPs by June 2015, this is still ¾ through the fiscal year.

If the Committee were to adopt the Administration's proposal to zero out funding for the Resource Management Planning, where would the funding come from to finalize the RMPs?

Answer: The President's budget proposes approximately \$3 million in FY 2015 to complete the western Oregon RMPs, a necessary amount to complete the plans. "Zeroing out" funding for resource management planning, which is not proposed in the 2015 budget, would prevent the BLM from meeting its stated goal of completing the RMPs in FY 2015. Funds previously appropriated in 2013 and 2014 were used for contracts in support of the RMPs, including socioeconomic and vegetation modeling. By FY 2015, much of the contracted analysis funded

in previous years will be completed. In FY 2015, the BLM will focus primarily on completing the draft and final EIS.

Calvert Q39: How would this not serve to further reduce the available funding for timber sales when the agency is under a court order to provide more timber?

Answer: The Oregon & California Resource Management Planning program does not fund timber sales. The President's 2015 budget maintains approximately \$32 million in the Oregon & California Forest Management program which is the primary funding source for preparing and offering timber sales. The BLM is considering ways it can offer for sale the court ordered timber volumes in the Medford and Roseburg Districts.

Inspection Fees

BLM is proposing to shift a portion of the costs associated with inspecting oil and gas operations to industry through the appropriations bill.

Calvert Q40: How much revenue would an inspection fee generate and where would Interior like the funds to be directed?

Answer: The 2015 BLM budget proposal to shift the cost of oil and gas inspections to industry through inspection fees is consistent with this recommendation, and it aligns onshore oil and gas inspections and enforcement with the inspection fee authority the Congress has enacted annually since 2010 for oil and gas inspection and enforcement on the Outer Continental Shelf. BLM estimates the fees will generate \$48.0 million, allowing for a \$38.0 million reduction in the request for direct discretionary appropriations, which yields a net increase of \$10.0 million in available funding to expand and strengthen onshore oil and gas inspection and oversight.

The additional funding provided by the fee authority is necessary to improve the BLM's capacity for production accountability, safety, and environmental protection. The BLM will use the funds to expand capacity to correct deficiencies identified by the GAO in a February 2011 report, which designated Federal management of oil and gas resources as high risk. Funds from the fees will be used to increase inspections of Federal and tribal high-risk oil and gas cases and complete more environmental inspections to ensure environmental requirements are being met in all phases of development.

The fee also enables the BLM to be more responsive to market demand. This funding will be used to hire new inspectors and improve the tools and systems necessary to implement the risk-based inspection program.

Calvert Q41: Does the Secretary currently have the authority to institute a fee, and if so, why has that authority not been exercised?

Answer: The Secretary has authority to inspect onshore oil and gas leases under Section 303 of FLPMA; however the Secretary does not have existing authority to collect an onshore inspection fee.

Diligent Development

BLM has been proposing a per-acre fee for non-producing oil and gas leases for several years to encourage faster development.

Calvert Q42: What challenges, if any, does BLM face in revising its rental rate policy to encourage diligent development and why is BLM pursuing fee?

Answer: The purpose of the non-producing lease fee is to encourage development of new leases. The non-producing lease fee will provide a financial incentive to either put leases into production or relinquish the leases so they may be re-leased. The Administration has proposed to implement through legislative action a due diligence fee that would apply to new leases both onshore and offshore, but may at some point revisit BLM's lease rental rate policies through the regulatory process in the absence of timely Congressional action on the Administration's legislative proposal.

Calvert Q43: How much revenue would be generated through such a fee?

Answer: The proposed per-acre fee on onshore and offshore non-producing leases is part of a broader package of oil and gas reforms in the President's 2015 budget. Collectively, these reforms will generate roughly \$2.5 billion in revenue to the Treasury over 10 years, of which an estimated \$1.7 billion will result from statutory changes.

Fair Return

GAO issued a report in December 2013 finding that Interior has considered, but not made, changes to onshore lease terms in order to provide greater assurance that the public is getting a fair return on federal oil and gas resources.

Calvert Q44: What steps is Interior taking to ensure the public gets a fair return for the onshore federal oil and gas resources?

Answer: To better ensure that the public receives a fair return on the development of Federal oil and gas resources, in 2015 the Administration proposes a package of legislative reforms to bolster and backstop administrative actions being taken to reform the management of Interior's onshore and offshore oil and gas programs, with a key focus on improving the return to taxpayers from the sale of these Federal resources and on improving transparency and oversight. Proposed statutory and administrative changes fall into three general categories: (1) advancing royalty reforms, (2) encouraging diligent development of oil and gas leases, and (3) improving revenue collection processes.

Royalty reforms include evaluating minimum royalty rates for oil, gas, and similar products; adjusting onshore royalty rates; analyzing a price-based tiered royalty rate; and repealing legislatively-mandated royalty relief. Diligent development requirements include shorter primary lease terms, stricter enforcement of lease terms, and monetary incentives to get leases into production, for example, through a new per-acre fee on nonproducing leases. Revenue

collection improvements include simplification of the royalty valuation process, elimination of interest accruals on company overpayments of royalties, and permanent repeal of Interior's authority to accept in-kind royalty payments. Collectively, these reforms will generate roughly \$2.5 billion in net revenue to the Treasury over ten years, of which approximately \$1.7 billion will result from statutory changes. Many States also will benefit from higher Federal revenue sharing payments as a result of these reforms.

The Department is evaluating options to increase the royalty rate from the current 12.5 percent to make it more competitive with other agencies and State royalty rates. The Department plans to pursue this rulemaking in the near future.

In addition to these efforts, the BLM will continue to focus on the inspection and enforcement aspects of oil and gas production and royalty collection to ensure the proper payment of oil and gas revenues to the Treasury. The 2015 budget includes a proposal to shift the cost of the inspection program to industry through inspection fees totaling \$48 million in 2015, reducing the need for direct discretionary appropriations by \$38 million while allowing BLM to strengthen and expand its I&E capability by \$10 million. The additional funding provided by the fee authority is necessary to improve the BLM's capacity for production accountability, safety, and environmental protection. The BLM will use the funds to expand capacity to correct deficiencies identified by the GAO in a February 2011 report, designating Federal management of oil and gas resources as high risk. Funds from the fees will be used to increase inspections of Federal and tribal high-risk oil and gas cases and complete more environmental inspections to ensure environmental requirements are being met in all phases of development. The fee also enables the BLM to be more responsive to market demand. This funding will be used to hire new inspectors and improve the tools and systems necessary to implement the risk-based inspection program.

Calvert Q45: The Department of the Interior is responsible for ensuring that the public receives a fair return from the development of oil and gas on federal leases. In fiscal year 2013, Interior collected approximately \$190 million in bonus bids to secure onshore oil and gas leases under a leasing program established by Congress. Specifically, the system requires a minimum bid of \$2 per acre for competitively issued leases, while non-competitively issued leases may be obtained without a bid.

What assurances does BLM have that its leasing program is ensuring the public a fair return?

Answer: The BLM follows the competitive leasing process established by Congress in the Mineral Leasing Act. However, as noted in the response to Question 44, to better ensure that the public receives a fair return on the development of Federal oil and gas resources, in the President's 2015 budget the Administration proposes a package of legislative reforms to bolster and backstop administrative actions being taken to reform the management of Interior's onshore and offshore oil and gas programs, with a key focus on improving the return to taxpayers from the sale of these Federal resources and on improving transparency and oversight. Proposed statutory and administrative changes fall into three general categories: (1) advancing royalty reforms, (2) encouraging diligent development of oil and gas leases, and (3) improving revenue collection processes. The BLM also updated its guidance on the lease sale bidding process and posts it as part of each lease sale description.

Human Capital

In January, GAO reported that Interior continues to face challenges hiring and retaining the staff it needs to oversee oil and gas development on federal leases. GAO recommended that Interior expand its use of recruitment, relocation, and retention incentives and collect and analyze hiring data to look for ways to streamline the hiring process. Interior generally agreed with GAO's recommendations.

Calvert Q46: What, specifically, can BLM do to improve hiring and retention?

Answer: The BLM has actively pursued the use of recruitment, relocation, and retention incentives to attract and retain petroleum engineers and inspectors. To the extent funding remains available, the BLM will continue to offer these incentives. In addition, the BLM has initiated a number of actions that will improve its ability to retain petroleum engineer technician (PET) staff by implementing standard position descriptions, requiring Continuing Service Agreements for newly hired PETs, and upgrading the PET series to a GS-11 full performance level.

Calvert Q47: In view of the Bureau's ongoing challenges to hire and retain staff to work in remote and high cost locations, to what extent has BLM considered alternative approaches to hire and retain personnel?

Answer: The BLM cannot compete with industry salaries and often finds our best and brightest technical specialists lured away by higher wages and better benefits from the oil and gas industry. The BLM has actively pursued the use of recruitment, relocation, and retention incentives to attract and retain petroleum engineers (PE) and inspectors. We are working with the Department of the Interior's Human Resources personnel on the development of a consolidated DOI request for special pay rate authority covering not only PEs and PETs, but Geologists, Geophysicists, and related inspection and enforcement occupations.

Calvert Q48: What opportunities exist to add flexibility to BLM's field office structure, such as centralizing key positions and functions in areas less remote and costly?

Answer: In keeping with the Administration's Hiring Reform Initiative, the Department of the Interior has developed a workforce planning model that can be deployed consistently across the agency to assess the strengths and weaknesses of hiring activities. The BLM has comprehensive recruitment and internship programs designed to seek out young professionals in skilled petroleum engineering and technical fields. The BLM is reviewing its organizational and workforce plans to determine how best to approach these challenges.

Oil and Gas

Calvert Q49: BLM has been attempting to revise its measurement regulations since 1989.

What is BLM's time frame for updating and finalizing Onshore Orders 3 (site security), 4 (oil measurement), 5 (gas measurement), and 9 (venting and flaring)?

Answer: The BLM plans to update, improve, and replace the current versions of Onshore Oil and Gas Orders 3, 4, and 5, and regulations for venting and flaring with the following:

- 43 CFR 3173, Site Security (OO#3);
- 43 CFR 3174, Oil Measurement (OO#4);
- 43 CFR 3175, Gas Measurement (OO#5); and
- 43 CFR 3170, General Requirements (regulations common to 2 or more subparts and cover beneficial use, including venting and flaring) (OO#9).

BLM expects to complete final rules for each of these orders by FY 2016; however, the exact timing will depend on a number of factors, including competing priorities and the need to provide for public input and address comments received on the proposed rules.

Calvert Q50: BLM is implementing recommendations to correct and improve its inspection and enforcement program, and providing oversight guidance to coordinate across office boundaries.

What is BLM's time frame for improving its inspection and enforcement program?

Answer: Inspection of oil and gas operations and enforcement of safety, production, and environmental requirements is one of the highest priorities for management of onshore oil and gas on public lands. The BLM continually improves fluid minerals inspection and enforcement based on recommendations from the GAO and the Department of the Interior's Office of Inspector General, and to address evolving technologies. In 2011, the BLM developed a risk-based strategy for production inspections, and in 2013, developed an automated evaluation tool to identify the highest risk sites based on numerous risk factors. Many recommendations to improve oil and gas management require additional funding to implement effectively. The BLM's 2015 budget proposes to institute onshore oil and gas inspection fees, similar to those already charged for offshore facilities, that are estimated to generate \$48 million in 2015. These fees would provide for an increase of \$10 million to strengthen this critical oversight function, while also allowing for a \$38 million reduction in BLM's direct discretionary appropriations.

Since the Macondo/Deepwater Horizon incident in April 2010, Congress has authorized the Bureau of Safety and Environmental Enforcement (BSEE) to collect fees to conduct onsite inspections of offshore oil and gas development. Similarly, companies developing the public's onshore oil and gas resources should also pay the cost of assuring that their development is safe and pollution prevention requirements are met.

The congressionally-authorized fee for BSEE inspection and enforcement efforts serves as a model for the BLM's request. The increased funding from industry fees would support the BLM's commitment to achieve its goal of increasing inspections of Federal and tribal high-risk oil and gas cases and ensuring environmental requirements are being followed in all phases of development of public onshore oil and gas resources.

Calvert Q51: Could you elaborate on what it means to ‘coordinate across office boundaries’?

Answer: Coordination across office boundaries refers to triaged short-term efforts that shift technical resources to better match industry activity or program needs. The BLM shares employees who possess specialized and scarce skills in engineering, geology, renewable resources, and even management across office management boundaries to meet program and industry needs. While these efforts allow the BLM to address shifting requirements, it is only a triage solution, is not without risk, and is unsustainable. The BLM has tremendous inspection and enforcement responsibilities. The current funding paradigm limits our ability to effectively ensure protection of both environmental and economic resources. The FY 2015 proposal for an inspection and enforcement fee would allow the BLM to meet its responsibilities without increasing the taxpayer burden by shifting part of the cost of these activities to industry, as has already been authorized by the Congress for offshore inspection fees. The fee would provide a net increase in funding to the BLM and allow the bureau to better respond to market demands for oil and gas leasing on public lands.

Calvert Q52: BLM says that training courses are being “evaluated, updated, developed and conducted”.

What courses is BLM evaluating and developing versus conducting?

Answer: The BLM evaluates each training course for Petroleum Engineering, Petroleum Engineering Inspections, Production Accountability, and Surface Protection on a three-year rotational cycle. The BLM develops new training for operational engineers and inspectors when it updates its automation projects, regulations, or program policy guidance, or when the oil and gas industry deploys new technology. The BLM is currently developing an inspection and enforcement course for surface protection specialists. As regulations on oil and gas measurement are updated, the BLM will develop corresponding training material. The BLM conducts training courses in these areas continuously. For example, the BLM worked with the Society of Petroleum Engineers to conduct a cement evaluations training in 2013.

Calvert Q53: What is BLM’s time line for updating its entire course curriculum?

Answer: Training revisions are developed and timed with the release of new regulations and generally fully phased in within two years to allow continuous operation of the existing training program and ensure that employees receive the most up-to-date materials.

Questions from Mr. Valadao**Regulation of Hydraulic Fracturing**

Valadao Q1: Please describe how the Bureau of Land Management (BLM) and the Department expect to undertake the task of implementing new hydraulic fracturing regulations within the constraints of current staff and administrative priorities. Do you anticipate reassignments of staff or re-prioritization of work assignments to incorporate this new responsibility into BLM's portfolio?

Answer: The BLM is developing a revised proposed hydraulic fracturing rule with the intention of modernizing its existing outdated requirements; improving public awareness and confidence; and providing stronger oversight of hydraulic fracturing operations without introducing unnecessary new procedures or delays in the process of developing oil and gas resources on public and Indian trust lands. In most cases, the requirements in this rule can be satisfied by submitting additional information during the existing process that the BLM currently applies to operators when reviewing and approving an operator's Application for Permit to Drill (APD) on public or Indian trust lands. The BLM has revised the proposed rule to reduce some of the information requirements and to avoid duplication with the requirements of States (on Federal land) and Tribes (on tribal trust land). The BLM is planning to provide training for implementation of the rule and expects no reassignments of staff.

Valadao Q2: Please describe the Department's resource goals and objectives with respect to development of Monterey shale energy resources that are likely to be found on BLM lands in California. The existing goals for energy development in the resource management plan of the Bureau of Land Management's Hollister, California District state the Bureau "balances resource conservation and ecosystem health with the production of commodities and with public use of the land." From a policy standpoint, and in light of the language BLM uses to describe its multiple use mission the discussion on the agency's website of its duties under the Federal Land Policy and Management Act, how does the Department plan to achieve balanced resource management in a manner that allows development of the Monterey as one of the multiple use goals?

Answer: In order to balance "resource conservation and ecosystem health with the production of commodities and with public use of the land," the Resource Management Plan for the BLM Hollister Field Office defines which public lands are suitable and open for leasing. Some of these lands that are open for leasing include areas of the "Monterey Shale." If companies nominate lands for leasing within the "Monterey Shale," the BLM will evaluate those nominations for possible auction at lease sale. To further inform these processes and decisions, the BLM has chartered a peer-reviewed science report that is specific to California to ensure the BLM has a solid, science-based foundation for future leasing activities. The report is expected to be completed by the end of FY 2015.

Valadao Q3: BLM has been criticized for delays in permitting, sometimes taking up to a year to get a permit to develop oil and gas resources on public lands. The average, according to GAO, is 229 days pending. I understand that you are now in the process of finalizing rules related to

hydraulic fracturing, which many are concerned will cause even more permitting delay at BLM. Why are these rules needed given that States already regulate hydraulic fracturing? What is the problem you are trying to solve through rulemaking? How much more delay do you anticipate if the rules go into effect? What are you planning to do to address the delays?

Answer: The BLM is continuing to improve and streamline the permitting process. At the end of FY 2013, there were 6,711 permits that had been approved and not yet utilized by industry. The average APD approval time in 2013 was 194 days nationwide, down from 228 days in 2012 and 300 days in 2011. Approximately 50 percent of APD approval time is spent working with operators to complete their applications. The remaining 50 percent is attributable to BLM processing. To further improve processing time, the BLM is developing and in the process of rolling out an automated permit system which will improve the flow of data and enable operators to see what data may be missing from an application, as well as view the progress.

With regard to the proposed rule on hydraulic fracturing, the BLM has an important role to play in ensuring safe and effective use of hydraulic fracturing techniques on Federal and tribal lands. As part of that responsibility, the BLM is developing regulations to update the current rules covering these operations which are over 30 years old and do not address recent advances in technology. The proposed rule would create a common set of minimum standards for operations on these lands across the country, including in States and on Indian reservations that are not regulating hydraulic fracturing. The BLM is working with the State regulatory agencies and Tribes on an ongoing basis to eliminate duplication and promote efficiency, particularly where a State or a Tribe may have rules in place that complement the BLM rule. The BLM has entered into Memoranda of Understanding with many States to work together to enforce regulations in an efficient manner, as they currently do in administering existing regulations covering oil and gas development. The BLM does not expect the hydraulic fracturing rule to create significant delays.

Valadao Q4: I understand that BLM recently held a meeting in Denver on venting and flaring of natural gas. What are the Bureau's plans related to venting and flaring of natural gas? Are you planning to regulate venting and flaring? Regulation would be complicated, since the nation lacks the necessary infrastructure in a number of areas. Since the gas is a valuable commodity, it is in the best interests of producers' interest to capture the gas and sell it – but that is not always possible. Are we going to be facing regulations or permitting requirements that are not feasible or would cause even more delays?

Answer: The BLM is considering various options for addressing the venting and flaring of gas and the loss of gas through fugitive emissions from onshore Federal and Indian oil and gas leases. This includes preventing the waste of hydrocarbons, while promoting the conservation of produced oil and gas to also ensure a fair return to the American taxpayer.

The BLM operates a robust onshore oil and gas leasing program covering about 37 million acres of public lands with about 12.5 million of those acres producing 11 percent of the natural gas and 5 percent of the oil used in the United States. The GAO and OIG have identified the current venting and flaring rules, found in the Notice to Lessee and Operators No. 4A, as deficient and

outdated. These regulations were written in 1979, and the industry and the technology it uses have changed a great deal since then.

The Department of the Interior and the BLM are undertaking this outreach to begin a dialogue with tribal and State governments and a large group of other stakeholders about the best ways to prevent loss of gas and maximize return to the taxpayers. The Denver outreach was the first of four sessions. Similar sessions are being conducted in Albuquerque, NM, on May 7; Dickinson, ND, on May 9; and in Washington, D.C. on May 15.

Questions from Mr. Stewart**Renewing Right of Way for Electric Co-ops**

Stewart Q1: Electric co-ops are having problems getting exemptions from paying rent when requesting a Right-of-Way (ROW) or renewing an existing ROW across BLM lands. BLM is requiring that the Rural Utility Service (RUS) certify that each electric co-op project that is requesting an exemption from rental payments for a ROW is financed or eligible for financing pursuant to the Rural Electrification Act. Because of staff shortages and some recent changes in law, RUS does not have ready access to the type of information BLM is asking them to provide for this purpose. Instead of working together to find a solution, there seems to be a blame game going on between the two agencies and the co-ops who should be eligible for exemptions are paying the price.

According to the Federal Land Policy and Management Act (FLPMA) Sec. 504 (g), BLM is directed to “grant, issue, or renew rights-of-way to rural electric and telephone facilities without rental fees,” provided they are “eligible for financing pursuant to the Rural Electrification Act, determined without regard to any application requirement under that Act.”

In one recent instance, an applicant has been waiting more than two years for BLM and USDA to coordinate their activities and still has not made a determination. Can you ensure that BLM will work with USDA to ensure that the law is carried out as intended and the applicants have a more fair and open process?

Answer: The BLM is currently working with the USDA Rural Utilities Service (RUS) to assist with the facility certification process. The BLM rental exemption is based on eligibility for financing on a facility by facility basis. The BLM is working in cooperation with the USDA RUS office to assist with the certification of eligibility. The BLM and the USDA are working on a Memorandum of Understanding to streamline processing of rental exemption requests for electric and telephone cooperatives.

FRIDAY, APRIL 4, 2014.

BUREAU OF OCEAN ENERGY MANAGEMENT AND BUREAU OF SAFETY AND ENVIRONMENTAL ENFORCEMENT

WITNESSES

TOMMY BEAUDREAU, DIRECTOR, BUREAU OF OCEAN ENERGY MANAGEMENT

BRIAN SALERNO, DIRECTOR, BUREAU OF SAFETY AND ENVIRONMENTAL ENFORCEMENT

OPENING REMARKS OF CHAIRMAN CALVERT

Mr. CALVERT. Good morning, and welcome to the fiscal year 2015 budget hearing for the Bureau of Ocean Energy Management, and the Bureau of Safety and Environmental Enforcement, the two agencies charged with management, safety, and environmental protection of energy produced on the Outer Continental Shelf. Energy is the backbone of the United States economy, and reliable domestic sources of energy are vital for our economic growth and homeland security. We depend on your efforts to help produce domestic energy and domestic jobs in a responsible way, and the revenue from oil and gas production is a substantial boost to the United States Treasury. We also depend on your efforts now more than ever, as energy costs continue to rise. And, given this Administration's clear approach to restrict production from other energy sectors, namely the coal industry, without cheap, reliable energy, businesses that operate in the United States will look elsewhere, and we cannot afford that.

Unfortunately, production in the Gulf is still 20 percent below levels prior to the Administration's moratorium to deep water drilling in the Gulf. Some companies have invested billions of dollars in the Arctic, with nothing to show for their efforts. Unfortunately, despite good intentions, production has yet to expand in the Arctic. Thankfully, the future for increased production in the Gulf does look bright, or at least the projections for the Gulf are quite positive. Nonetheless, companies are operating in a new regulatory climate, with more stringent safety standards, and additional requirements for cleanup plans. While we all agree that it is important to get it right, certainly uncertainty created by indecisiveness, or bureaucratic overreach, will inevitably raise energy costs and extend drilling periods. I look forward to working with you to ensure that we do get it right so that we are responsibly recovering more of our resources, reducing our energy costs, and ensuring a proper return on our investments.

Also, we have had many conversations about staffing needs since your agencies were established in 2011. We recognize both the Bureaus' difficulty filling many positions, due to competition from the

oil and gas industry. We also recognize the needs of an aging workforce, and for the need to keep up with attrition, so we included the authority needed to pay higher salaries for certain positions in the omnibus. With that said, I do have some questions about the requested increase in personnel for BSEE. After four years in a row of significant increased hiring, we want to know where both Bureaus are in terms of staffing, and what they are going to do in the long term.

I am pleased now to yield to the Ranking Member, Mr. Moran, for his opening remarks.

OPENING REMARKS OF MR. MORAN

Mr. MORAN. Thanks very much, Chairman Calvert, and I welcome Director Beaudreau and Director Salerno, and thank you for your service in taking on an enormously challenging responsibility.

On April 20 we will mark the fourth anniversary of the Deepwater Horizon oil spill disaster. The explosion, the fire, the resulting oil spill resulted in lives lost, the environment severely damaged, and people and businesses far beyond the oil and gas industry being adversely affected. We learned a terrible lesson as a Nation from that tragedy about the over-reliance on technology, the complacency of operations, and the laxity of regulation. Out of the Deepwater Horizon disaster, the Bureau of Ocean Energy Management and the Bureau of Safety and Environmental Enforcement were created to address the severe and systemic shortcomings in the government's regulation of what is a high risk enterprise. I appreciate the changes that have been made in both of your agencies to protect the public and the environment.

In January of 2011 the National Commission on the BP Deepwater Horizon Oil Spill issued its report and recommendations. It was a ringing indictment of the oil and gas industry, and the regulators that oversaw it. The Commission provided Congress, the executive branch, and the oil and gas industry with a whole host of recommendations to address the sheer serious shortcomings identified with OCS operations and regulations. I do commend the Department of the Interior for moving quickly to address these serious shortcomings, and instituting a new safety and environmentally protective culture.

Unfortunately, while this Subcommittee took a leadership role in approving the establishment of these two agencies, as well as providing the fiscal resources for the Department of the Interior's reorganization of its OCS management functions, the Congress as a whole has not made a single fix to the legislative shortcomings identified in the Commission's report. And so now it is nearly four years after the disaster, and we cannot help but be concerned that with the Macondo Well capped, and the public spotlight turned off, the urgency to address the problems the disaster exposed has waned, and will continue to.

As Martin Luther King always said, it is always right to do what is right, and I do think it is right to follow through with those recommendations that we have been presented with. We should not lose sight of that enormous, chaotic catastrophe that occurred just a few years ago. And so, Director Beaudreau and Director Salerno, I am hopeful that we will be able to provide you with the fiscal

tools that you need to ensure that safety and protection of the environment are the highest priorities in drilling operations on the Outer Continental Shelf. And with that, we thank you, Mr. Chairman.

Mr. CALVERT. Thank you. Director Beaudreau and Director Salerno, thank you for being here today to testify. Please share with us your thoughts regarding the proposed budget for fiscal year 2015. First Mr. Beaudreau.

OPENING REMARKS OF DIRECTOR TOMMY BEAUDREAU

Mr. BEAUDREAU. Thank you very much, Chairman Calvert, Ranking Member Moran, Members of the Subcommittee. I am pleased to appear before you today to discuss the President's fiscal year 2015 budget request for the Bureau of Ocean Energy Management, or BOEM. This will be my final appearance before the Subcommittee as the Director of BOEM. At the end of this month I will be transitioning into another position at the Interior Department.

Mr. CALVERT. Would you like to share that position with us for the—

Mr. BEAUDREAU. I will be the Chief of Staff for Secretary Jewell.

Mr. CALVERT. So you will be the one we will be calling quite often?

Mr. BEAUDREAU. Yes.

Mr. CALVERT. Good. I just wanted to make that for the record.

Mr. BEAUDREAU. More to talk about, but obviously an open door too. I joined the Interior Department in June 2010, in the midst of the Gulf spill. My charge from the President, and then Secretary Salazar, was to help reform offshore energy development by raising safety and environmental standards for offshore drilling, and by strengthening, and raising, and restoring the public's confidence in Federal oversight of that activity, which is central to the Nation's energy portfolio, but also carries significant risk to worker safety and the environment.

Key to those reforms was the reorganization of the former Minerals Management Service, and the establishment of these two still relatively new agencies, BOEM, and the Bureau of Safety and Environmental Enforcement, led by Director Salerno, whom I am proud to join this morning. As we approach the fourth anniversary of that terrible spill, and discuss the budgets of these two agencies born of our reforms, I would like to take a moment to remind ourselves of how important these agencies are.

We established BOEM and BSEE to separate out the multitude of responsibilities that, at that time, all resided in MMS, and, in doing so, provide higher priority and management focus on the discreet and important missions of each Bureau. Also key to the oversight reforms was ensuring that each of these agencies receive sufficient and proper resources, which MMS lacked. Congressman Moran in particular knows that history. This Subcommittee, in helping provide BOEM and BSEE with proper resources, has been a big part of the answer, and I thank you all for that.

A little bit about BOEM, and its identity, and responsibilities. BOEM is responsible for management and development of the Nation's offshore energy and mineral resources in a balanced way that promotes diligent and environmentally responsible development.

BOEM's mission includes overseeing offshore oil and gas leasing and plan reviews, resource evaluation, standing up offshore renewable energy, conducting thorough NEPA analyses, ocean science and environmental studies, and ensuring that the American people receive a fair return for offshore resources. The Bureau is committed to applying the best available science to decision-making, using research and rigorous analysis to support smart decisions about developing the Nation's offshore, conventional, and renewable energy resources. For a relatively small agency, we have a tremendous breadth and diversity of subject matter expertise. I will tell you that our people are some of the best in the business. I am tremendously proud to work with them, and this budget, while modest and mindful of the tight fiscal constraints facing all of government, is designed to provide them with the resources and tools necessary to do their jobs, and do them the right way.

I am pleased to report we have been effective. Since BOEM was founded in October 2011, our offshore oil and gas lease sales have garnered well over \$4 billion for the American people. We completed the current five year offshore oil and gas leasing program for 2012 through 2017, which makes available areas containing more than 75 percent of the Nation's estimated undiscovered, but technically recoverable, conventional energy resources, but also does so in a manner that is tailored to each region's specific conditions and environment.

And, as reflected in our budget request, we already are beginning work on the 2017 through 2022 plan. Last year we held the first two commercial competitive offshore wind lease sales in U.S. history, and more of these renewable energy auctions are on the way, offshore Maryland, Massachusetts, and New Jersey, as well as other States. BOEM's marine minerals program has been a key player in providing OCS sand resources in support of beach restoration and resiliency projects, including helping coastal States recover from Hurricane Sandy. Our environmental studies program is a leading contributor to advancing our scientific understanding of marine and coastal ecosystems and environments, with ongoing work across many areas, including marine mammals, birds, marine hydrokinetic sea ice, air quality, and evaluating long term and cumulative impact, all with an emphasis on collaboration and partnership.

These are the priorities and values reflected in the 2015 budget proposal. Again, I am grateful for this Subcommittee's support, and I look forward to discussing the budget proposal, and also answering your questions. Thank you.

[The statement of Tommy Beaudreau follows:]

**Statement of
Tommy P. Beaudreau
Director, Bureau of Ocean Energy Management
U.S. Department of the Interior**

**Before the
House Committee on Appropriations
Subcommittee on Interior, Environment, and Related Agencies**

April 4, 2014

Chairman Calvert, Ranking Member Moran and members of the Subcommittee, I am pleased to appear before you today to discuss the President's fiscal year (FY) 2015 budget request for the Bureau of Ocean Energy Management (BOEM). This request is designed to provide the resources necessary to advance BOEM's commitment to effective and efficient management and oversight of the Nation's offshore resources as a part of our comprehensive energy strategy to encourage safe and responsible oil and gas exploration and development, as well as to expand development of clean and abundant renewable energy resources. Through the President's all-of-the-above energy strategy, domestic production has grown each year the President has been in office, with oil production currently higher than at any time in the past two decades and natural gas production at its highest level ever. Renewable electricity generation from wind, solar, and geothermal sources has doubled since 2009.

Powering Our Future

BOEM is responsible for managing development of the Nation's offshore energy and mineral resources in a balanced way that promotes efficient and environmentally responsible development. BOEM's functions include offshore oil and gas leasing, resource evaluation, review and administration of oil and gas exploration and development plans, renewable energy development, National Environmental Policy Act analysis, and environmental studies. The Bureau is committed to applying the best available science to decision-making, using research and rigorous analysis to balance the Nation's need for offshore energy resources with the protection of the human, marine and coastal environment.

The FY 2015 Budget Request

The FY 2015 budget requests \$169.8 million for BOEM operations, which includes \$97.3 million in offsetting collections (approximately \$94.9 million from rental receipts and nearly \$2.5 million from cost recovery fees). This is an increase in budget authority of \$2.9 million above the FY 2014 enacted level and a \$3.4 million increase in net appropriations. The request will support critical ongoing efforts and core Bureau responsibilities. BOEM's FY 2015 request reflects a careful analysis of the resources needed to further develop the Bureau's capacity and to execute its functions carefully, responsibly, and efficiently. It also reflects modest increases that will support high priority offshore oil and gas activities, including those outlined in the Five Year Oil and Gas Leasing Program for 2012-2017 and the preparation of a programmatic environmental impact statement in support of the next Five Year Program.

Key Priorities and Accomplishments

BOEM's FY 2015 request will build on recent accomplishments and support critical ongoing efforts.

Renewable Energy Development

A true all-of-the above energy strategy includes the development of the readily-available renewable energy resources that are vital to our Nation's long-term economic development and energy security. Securing clean sources of energy not only benefits the environment, but also creates American jobs and promotes innovation in the United States.

In 2013, the Department and BOEM advanced history-making renewable energy efforts. As part of President Obama's Climate Action Plan to develop domestic clean energy sources and cut carbon pollution, BOEM completed the Nation's first two competitive lease sales for renewable energy in Federal waters. The sales generated \$5.4 million in high bids for 277,550 acres on the Outer Continental Shelf (OCS) in areas offshore Massachusetts, Rhode Island, and Virginia. If fully developed, these areas combined could generate enough renewable energy to power 1.7 million homes. These lease sales were developed under the Smart from the Start initiative, which facilitates environmentally responsible offshore wind development along the OCS by identifying wind energy areas using a coordinated, focused approach with extensive environmental analysis, public review, and large-scale planning.

BOEM has issued five commercial offshore wind energy leases and approved the construction and operations plan for the Cape Wind project offshore Massachusetts. BOEM has also announced a proposed auction for Maryland later this year and expects to announce additional auctions for wind energy areas offshore New Jersey and Massachusetts later this year. BOEM expects to identify additional areas offshore North Carolina and New York during FY 2014, and to identify areas offshore South Carolina during FY 2015. Identification and subsequent analysis and review of wind energy areas enable potential lease sales within those areas to move forward. BOEM is also making progress on siting demonstration and technology testing projects for wind and marine hydrokinetic energy offshore both the Atlantic and Pacific coasts. For example, the Department recently announced a decision that gives a green light for a company to submit plans for a 30 megawatt project designed to demonstrate floating wind turbine technology offshore Oregon.

Through detailed planning and analysis and partnerships with states, other governmental agencies and stakeholders, BOEM has advanced the Renewable Energy Program nationwide and will continue to do so in 2015. Offshore wind leasing activities, including both commercial and research leases, have increased, contributing to the Administration's goal of promoting clean energy development. BOEM continues to demonstrate science-based decision-making by initiating and funding research. The studies directly benefit BOEM, other energy and mineral programs, renewable energy stakeholders and individual states. State interest in pursuing offshore renewable energy development is readily apparent in the increased involvement of the states through BOEM's intergovernmental renewable energy task forces – there are now 12 such

task forces consisting of Federal, state, local and tribal agencies. BOEM anticipates the Renewable Energy Program will continue to grow and is prepared to support this valuable effort in response to the Nation's energy needs.

Conventional Energy

BOEM manages access to and fair return for the energy and mineral resources of the Outer Continental Shelf to help meet the energy demands and mineral needs of the Nation, while also balancing such access with the protection of the human, marine, and coastal environments. As the Nation's offshore energy and mineral resource manager, BOEM administers a comprehensive, progressive cycle of analyses to provide the key information necessary for decisions about whether, where and when offshore energy and mineral development can or should occur. BOEM's responsibilities are broad, beginning with identifying and calculating appropriate boundaries and legal descriptions; identifying, inventorying, and assessing the Nation's offshore energy and mineral endowment; developing a transparent, systematic, and comprehensive schedule for OCS oil and gas resource offerings; developing appropriate financial terms to ensure the Nation receives fair market value for its OCS resources; and carefully reviewing requests for approval of comprehensive, detailed industry plans to explore, develop and produce leased resources.

As of January 2014, BOEM administers 6,365 active oil and gas leases on nearly 36 million OCS acres. Production from these leases generates billions of dollars in revenue for the Federal Treasury and state governments while supporting tens of thousands of jobs. In calendar year 2012, OCS leases provided 482 million barrels of oil and 1.58 billion cubic feet of natural gas, accounting for about 20 percent of domestic oil production and six percent of domestic natural gas production.

The Bureau is currently implementing the Five Year OCS Oil and Gas Leasing Program for 2012-2017 (Five Year Program). The Five Year Program focuses on making OCS areas with the greatest resource potential available for oil and gas leasing. Together, the lease areas included in the 2012-2017 Program contain more than 75 percent of the undiscovered, technically recoverable oil and gas resources estimated to exist in Federal waters offshore the United States. It includes 12 potential lease sales in the Gulf of Mexico and three off the coast of Alaska. Since the approval of the Five Year Program in August 2012, BOEM has worked diligently to carry out its innovative, regionally-tailored approach to offshore oil and gas leasing. During fiscal year 2013, BOEM held three lease sales, which generated a combined total of more than \$1.4 billion in high bids. Just two weeks ago, BOEM held additional sales in the Gulf of Mexico that garnered over \$872 million in high bids. Another lease sale is planned for August 2014, and two lease sales are planned for calendar year 2015.

BOEM is advancing a region-specific set of policies for the Arctic, including a targeted leasing strategy. This strategy is described in the Five Year Program and focuses on balancing exploration of energy resources with consideration for the environment and native communities' cultural and subsistence needs. BOEM is also pursuing a strategy for the Atlantic that is focused on efforts to facilitate updated resource evaluation to support future leasing decisions. During FY 2014, BOEM has developed a framework for the acquisition and management of Geological

& Geophysical (G&G) data within the Mid- and South Atlantic. This will support future decision-making regarding whether and, if so, where potential offshore oil and gas lease sales in the Mid- and South Atlantic planning areas would be appropriate.

Beginning in FY 2014, BOEM will begin enhancing its Technical Information Management System (TIMS) in order to develop an ePlans Portal that will digitize significant elements of the plan review process, creating significant efficiencies for both industry and government that would reduce plan processing time by up to 40 percent, yield financial savings, and improve data quality.

In addition to carrying out the current Five Year Program, the Bureau is already preparing for the next Five Year Program, which will cover 2017 through 2022. Because of the complexity of the program development process, BOEM must begin planning for the next program several years in advance, and the entire process to develop a Five Year Program normally takes approximately two and a half to three years. So while efforts to begin developing the next Five Year Program are already underway, FY 2015 will be a critical year for the development of the Program.

In carrying out its mission to manage the responsible development of offshore resources, BOEM must also consider resources other than conventional or renewable energy. Pursuant to the OCS Lands Act, BOEM is the steward of OCS sand, gravel, and shell resources. Through its Marine Minerals Program, BOEM manages the responsible use of these resources, which are critical for the long-term success and cost-effectiveness of many shore protection, beach nourishment, and wetlands restoration projects along the Gulf and Atlantic coasts. During FY 2013, demand for these marine minerals increased dramatically due to recovery and restoration efforts related to Hurricane Sandy. BOEM estimates that in the aftermath of Hurricane Sandy in November 2012, the amount of OCS sediment conveyed will have nearly tripled – from 11 million cubic yards of OCS sand in FY 2012 to more than 30 million in FY 2014.

Looking forward, BOEM's conventional energy activities will continue to meet the high standards set forth by the Administration, Congress and the public through appropriate planning, development and protection of the Nation's offshore resources in response to the Nation's energy needs.

Environmental Programs

BOEM, in coordination with the Bureau of Safety and Environmental Enforcement (BSEE), is responsible for assessing the impacts of and providing effective environmental safeguards for the exploration and development of energy and mineral resources on the OCS.

These responsibilities require BOEM to assess the environmental impacts of planned and proposed OCS development and to provide guidance to developers and other stakeholders concerning the place, time, and nature of activities to be authorized. BOEM's environmental programs provide information for decision-makers and the public about potential environmental impacts of OCS energy and mineral resource development, how to prevent or mitigate those impacts, and how to monitor impacts. This information supports and guides decision-making not just within BOEM, but also by BSEE and other government authorities.

Throughout fiscal years 2014 and 2015, BOEM will complete environmental reviews in support of mission-critical activities and lease sales included in the current Five Year Program. In FY 2015, BOEM requests funding to complete a comprehensive programmatic environmental impact statement (PEIS) in support of – and necessary for – the development of the next Five Year Program (2017-2022). The PEIS analysis is conducted using top quality research by talented scientists from a range of disciplines, as well as targeted scientific studies facilitated by BOEM to support policy needs and priorities. BOEM recently published a programmatic environmental impact statement analyzing proposed G&G activities in the Mid- and South Atlantic, the results of which may be used to inform the development of the next Five Year Program.

Because of its quality, scale, and duration, BOEM's Environmental Studies Program is a leading contributor to the growing body of scientific knowledge about the nation's marine and coastal environment. In its applied research program, BOEM has leveraged partnerships with academic institutions and other Federal agencies to extend its allocated research budget, and will continue to advance those partnerships and produce top-tier scientific work in the coming year. Studies planned in FY 2014 range from addressing the impacts of oil spills to evaluating impacts from new renewable energy development technologies to improving baseline characterizations and trend information. Special focus this year is given to work on marine mammals, birds, marine hydrokinetics, sea ice, air quality, and long-term and cumulative impacts, with an emphasis on partnerships to conduct studies.

BOEM decisions and management of OCS oil and gas, marine minerals and renewable energy development will continue to be informed through the environmental assessments, studies and partnerships conducted under the Environmental Program. These efforts are vital to ensuring that the impacts of OCS activities on the environment are understood and effective protective measures are put in place. In particular, the funding requested in FY 2015 for the programmatic environmental impact statement will directly support the decision-making and development of the next Five Year Program.

Conclusion

BOEM plays a vital role in advancing safe and responsible offshore energy development and in helping to secure our energy future. In a time when serious fiscal constraints demand difficult tradeoffs, we appreciate the critical resources provided this fiscal year – including investment in robust science to inform decisions relating to ocean energy policy and management and appropriate environmental safeguards. It is important to sustain this level of investment moving into the next fiscal year, and the FY 2015 request reflects a careful analysis of the resources needed for the Bureau to carry out the important mission with which we are charged.

Thank you once again for the opportunity to testify here today, and for your consistent support for BOEM's programs. I look forward to our continued work together and to answering your questions today.

Tommy P. Beaudreau
Director, Bureau of Ocean Energy Management
U.S. Department of the Interior

Tommy P. Beaudreau is the first director of the Bureau of Ocean Energy Management (BOEM), which is responsible for overseeing the environmentally and economically responsible development of the Nation's offshore resources. BOEM manages the conventional and renewable ocean energy and mineral resources on 1.7 billion acres of the U.S. Outer Continental Shelf (OCS).

Mr. Beaudreau joined the Department of the Interior in June 2010 to help develop and lead the Department's aggressive reforms of offshore energy management and oversight following the Deepwater Horizon blowout and oil spill, including the reorganization of the former Minerals Management Service. He served as the senior advisor to the director of the Bureau of Ocean Energy Management, Regulation and Enforcement, where he played an integral role in designing and implementing the Bureau's broad reform agenda with respect to the regulation of offshore oil and gas development.

BOEM was established in October 2011. The agency's responsibilities include leasing, plan administration, environmental studies, National Environmental Policy Act (NEPA) analysis, resource evaluation, economic analysis and the offshore renewable energy program.

Prior to his work at Interior, Mr. Beaudreau was a partner at the law firm Fried, Frank, Harris, Shriver & Jacobson LLP. Mr. Beaudreau is a graduate of Yale University and received his law degree from the Georgetown University Law Center.

Mr. CALVERT. Thank you for your testimony. Next, Director Salerno.

OPENING REMARKS OF DIRECTOR BRIAN SALERNO

Mr. SALERNO. Good morning, Chairman Calvert, Ranking Member Moran, and Members of the Subcommittee. Thank you for the opportunity to appear before you and discuss the President's fiscal year 2015 request for the Bureau of Safety and Environmental Enforcement. Under the Administration's "all of the above" energy strategy, the Bureau of Safety and Environmental Enforcement works to promote safety, protect the environment, and to conserve energy resources on the U.S. Outer Continental Shelf. Since its establishment 2½ years ago, the Bureau has worked diligently to earn the confidence of the American people in our conduct of oversight activities.

The Bureau's 2015 request is \$204.6 million. This includes \$81 million in direct appropriations, plus \$123.6 million in offsetting collections. In total, this budget will provide the resources that we need to continue to fulfill our full set of mission responsibilities, and to pursue organizational enhancements which will contribute towards greater efficiency and effectiveness. The budget proposes a net increase of two million over the fiscal year 2014 enacted level. Of note, this includes a program increase of \$905,000 to support enhanced review of emerging technologies.

Funding in the budget will also be used to recruit expert engineers and scientists to support the development of sound scientific and technical information, as well as the timely and thorough review of permits. As Director, I am focused on enhancing our ability to assess and manage risk. I am also committed to strengthening our workforce, and preparing for the future. Accordingly, our 2015 budget will enable us to continue enforcing compliance with Federal regulations, while at the same time lead the effort to establish a meaningful safety culture within the offshore oil and gas industry, including a focus on risk management.

We will increase our capacity to analyze and share data gained through enhanced incident investigations, routine reporting requirements, as well as through a near-miss reporting system which is now under development, and through the expanded use of real-time monitoring. We will refine our methodologies for evaluating emerging technologies, and for keeping pace with a very dynamic and very innovative industry, and we will invest in human capital so that we attract and retain the best available support for our mission responsibilities.

The 2015 budget request will ensure we have the means to properly oversee the ongoing expansion in domestic energy activity from the Nation's offshore resources, while supporting the safety of the offshore workforce, and protection of the marine environment. I thank the Committee for inviting me here today, and I look forward to your questions.

[The statement of Brian Salerno follows:]

**STATEMENT OF BRIAN SALERNO
DIRECTOR, BUREAU OF SAFETY AND ENVIRONMENTAL ENFORCEMENT
UNITED STATES DEPARTMENT OF THE INTERIOR
COMMITTEE ON APPROPRIATIONS SUBCOMMITTEE ON INTERIOR,
ENVIRONMENT AND RELATED AGENCIES HOUSE OF
REPRESENTATIVES
APRIL 4, 2014**

Mr. Chairman and members of the Subcommittee, thank you for the opportunity to appear here today to discuss the President's Fiscal Year (FY) 2015 Budget request for the Bureau of Safety and Environmental Enforcement (BSEE) in the Department of the Interior.

As the Administration works to expand domestic energy production through President Obama's "All of the Above" strategy, BSEE is taking the necessary steps to provide effective oversight of oil and gas development on the U.S. Outer Continental Shelf (OCS), promoting compliance with Federal regulations, and leading the offshore oil and gas industry toward a culture of safety and environmental protection.

The OCS continues to serve as a significant source of energy for the Nation. In calendar year 2012, OCS leases provided 482 million barrels of oil and 1.58 billion cubic feet of natural gas, accounting for about 20 percent of domestic oil production and six percent of domestic natural gas production. The Department of Energy's Energy Information Administration projects offshore production will continue to grow from 2015 through 2040, as the pace of development activity quickens and new, large development projects, predominantly in the deepwater and ultra-deepwater portions of the Gulf of Mexico, are brought into production.

The 2015 BSEE budget fully supports the President's strategy by ensuring development of the Nation's vast offshore energy resources is conducted in a safe and environmentally responsible manner. Funds will be used to support and recruit expert engineers, scientists, and oil spill planning, prevention and response specialists to support the development of strong scientific information and the timely and thorough review of permits.

BSEE has worked diligently to restore the confidence of the American people in the safety of the offshore oil and gas industry and our oversight of it, and we will continue to build a robust culture of safety, with a strong focus on risk reduction. Every decision and every action must be taken with the workers and the environment in mind, and risks to both must be appropriately balanced and mitigated as companies produce the energy to meet the nation's demands. The Bureau will continue to bolster its capacity for analyzing data gained through incident reporting requirements, near-miss reporting, and real-time monitoring. Through these initiatives and others, we will continue to ensure that offshore development occurs in a safe and environmentally responsible way.

As Director, I have stressed the importance of four key principles that guide the work BSEE does for the American public: clarity, consistency, predictability, and accountability. These principles are what every citizen, as well as the regulated community, has the right to expect from their government, and they provide the standard by which performance will be measured. One example of our principles at work is our commitment to ePermitting, which is currently in the development stage. Once completed the ePermitting system will provide greater transparency and efficiency, and give greater predictability to operators.

BSEE's efforts are further supported by two strategic goals:

- Regulate, enforce, and respond to OCS development using the full range of authorities, policies, and tools to compel safety, emergency preparedness, and environmental responsibility, and appropriate development and conservation of the offshore oil and natural gas resources, and;
- Build and sustain the organizational, technical, and intellectual capacity within and across BSEE's key functions – capacity that keeps pace with OCS industry technological improvements, innovates in regulation and enforcement, and reduces risk through systemic assessment and regulatory and enforcement actions.

These strategic goals guide BSEE's decision-making and investment strategies. The 2015 request furthers these goals through a program increase of \$905,000 to support enhanced review of emerging technologies by technical experts, and expanded project funding to validate technology, test protocols and analyze economic feasibility. The 2015 request will allow BSEE to continue to strengthen its regulatory and oversight capability on the OCS by increasing the capacity in multiple disciplines to adequately staff regulatory, safety management, structural and technical support, and oil spill prevention, preparedness, and response programs. Continued outreach and dialogue with stakeholders from academia, industry, non-governmental organizations, and other governmental agencies will enhance the knowledge base of technical personnel related to innovative technologies, regulatory gaps, real-time monitoring capabilities, and risk-based decision-making for safety and environmental enforcement.

FY 2015 BUDGET HIGHLIGHTS

The 2015 President's Budget request for BSEE is \$204.6 million, a net increase of \$2.0 million over the FY 2014 Enacted level. The request is offset by \$50.4 million in eligible OCS rental receipts, \$8.2 million in cost recovery fees, and \$65 million in inspection fees, resulting in a net request of \$81.0 million in direct appropriations. The BSEE estimates staffing will total 869 full time equivalents (FTE) in 2015, including 744 direct FTE and 125 reimbursable FTE to provide shared services Department-wide, which are fully reimbursed from other accounts.

The BSEE receives funding through the Offshore Safety and Environmental Enforcement (OSEE) and Oil Spill Research (OSR) appropriations. The OSEE appropriation is

partially offset by a portion of OCS rental receipts, cost recovery fees, and inspection fees. The OSR appropriation is funded by receipts from the Oil Spill Liability Trust Fund.

The FY 2015 request also merges BSEE's Environmental Enforcement Program (EEP) into the Operations, Safety and Regulation Activity. Similar to the offshore safety inspection program, the EEP assures that industry is adopting an overall and comprehensive approach to environmental protection measures. Combining these activities will allow better identification of regulatory needs for enhanced environmental compliance and closer coordination with the newly established Safety and Environmental Management Systems (SEMS) program. The merger will also allow better management and oversight of all of the compliance programs in BSEE.

The budget for BSEE in the OSEE account funds the following activities:

- The ***Operations, Safety and Regulation*** Activity funds: environmental and safety compliance activities related to issuing permits associated with plans; inspections of environmental measures and enforcement of incidences of noncompliance; monitoring industry compliance with mitigation and other environmental requirements through office and field inspections; OCS permit application reviews; inspections of OCS facilities including critical high-risk activities; offshore operator oil spill planning and preparedness compliance; investigations; civil penalties; operator training and audit programs; annual operator performance reviews; verification of oil and gas production levels to help ensure the public receives a fair return; and the Emerging Technologies Program.
- The ***Administrative Operations*** Activity funds: general administration and ethics programs; equal employment opportunity services; emergency management; finance; human resources; procurement; and information management. The BSEE also provides administrative services, such as human resources, procurement, and finance to BOEM and other entities within the Department.
- The ***General Support Services*** Activity funds: shared activities and related support services for the Bureau. These include expenses such as: rental and security of office space; workers' compensation and unemployment compensation; voice and data communications; centrally provided services funded by the Department's Working Capital Fund; annual building maintenance contracts; mail services; and printing costs. The BSEE will continue to provide some of these services to BOEM through a reimbursable service agreement.
- The ***Executive Direction*** Activity funds: Bureau-wide leadership, direction, management, coordination, communications strategies, and outreach. It includes functions such as budget, congressional and public affairs, and policy and analysis. The Office of the Director and the Regional Director's Offices are also funded within this activity.

The budget for BSEE in the OSR account funds oil spill research, the Ohmsett facility, as well as oil spill response preparedness and planning activities.

PROGRESS THROUGH REFORMS

Since the establishment of BSEE on October 1, 2011, the Bureau has continued to focus on safety that goes beyond simple compliance with regulations, towards the adoption, by everyone, of a meaningful safety culture that permeates all offshore activities. The Bureau issued the final drilling safety regulations to solidify those regulations put in place on an interim basis after the 2010 BP Deepwater Horizon disaster and resulting oil spill. We also updated oil spill response planning guidance. Both of these reforms continue to contribute to the overall safety of the offshore oil and gas industry.

Safety and Environmental Management Systems

The updated SEMS rule reinforced an ongoing effort by the Bureau to emphasize that the offshore industry must make safety their number one priority. The SEMS regulations represent a fundamental shift that moves BSEE to a hybrid approach incorporating performance-focused tools with prescriptive requirements for managing operations on the OCS. The SEMS regulations promote a positive safety culture within industry, with the goals of continuous improvement of management systems, empowering employees, and fostering a culture of excellence. The first round of audits required by this rule was provided by industry in November 2013.

Hiring and Retention

The Bureau has also taken a number of actions to address ongoing hiring and retention challenges, including the use of various recruitment and relocation incentives in preparing offers that best provide a competitive compensation package for each new hire. The Bureau also offers a special salary rate of 25 percent above the General Schedule base rate of pay (not to include locality pay) to geologists, geophysicists, and petroleum engineers in the Gulf of Mexico to attract and retain key oil and gas oversight staff. BSEE continues to evaluate options for refining our recruitment and retention policies to find creative ways to attract and retain top talent in the face of strong competition with industry for the best recruits.

Focus Areas

BSEE will continue to build upon the foundation outlined in the strategic plan – working toward accomplishing its strategic goals and prioritizing specific projects that will position the Bureau for even greater effectiveness in accomplishing its mission.

Under my leadership BSEE will continue to focus on:

- Continuing to enhance offshore safety and environmental performance by promoting a *safety culture* within the offshore oil and gas industry.
- Bolstering the *investigations process* to provide more data to aid in trend analysis and refining the methodology for evaluating emerging technologies to aid BSEE in making adjustments that will increase the tools to make better decisions and keep pace with a dynamic, evolving industry.
- Increasing the capacity for *analyzing data* gained through incident reporting requirements, near-miss reporting, and real-time monitoring.
- Promoting and supporting innovation through the review of *emerging technologies* and the identification and use of *Best Available and Safest Technology (BAST)* within the drilling, production and spill response stakeholder communities.
- Promoting compliance through strategic enforcement by fully defining, enhancing, and utilizing the Bureau's enforcement authorities with a specific *focus on risk*.
- Investing in BSEE employees through *recruiting and training*.
- Investing in *IT modernization* and electronic reporting.

In closing, the Bureau's FY 2015 Budget request will continue to help expand domestic energy production from the Nation's offshore resources, while balancing the safety of the offshore workforce and environment. I thank the Committee for inviting me to appear today. I will be pleased to answer any questions.

BRIAN SALERNO, DIRECTOR

Brian Salerno was sworn in as the Director of the Bureau of Safety and Environmental Enforcement on August 26, 2013. He is responsible for promoting safety, protecting the environment and conserving resources through the vigorous regulatory oversight and enforcement of offshore operations on the U.S. Outer Continental Shelf.

Prior to his appointment as Bureau Director, Salerno served as the U.S. Coast Guard's Deputy Commandant for Operations where he was responsible for establishing and providing operational strategy, policy, guidance and resources as needed to meet national priorities for U.S. Coast Guard missions, programs and services. Previous Washington, D.C.-based assignments included serving as the Assistant Commandant for Marine Safety, Security and Stewardship, Assistant Commandant for Policy and Planning, and Director of Inspections and Compliance.

Salerno was commissioned as an ensign in the U.S. Coast Guard in December 1976 after attending Officer Candidate School. Over the course of his 36-year active duty career, Salerno attained the rank of Vice Admiral, serving predominantly within the U.S. Coast Guard's marine safety program. His field assignments included commanding units in Boston, MA and San Juan, PR, in addition to other assignments in Baltimore, MD; Port Arthur, TX; Portland, ME; and as the marine safety adviser to the Panama Canal Authority.

Salerno is a 2000 graduate of the U.S. Army War College, with a Masters in Strategic Studies. He is also a graduate of the Naval War College nonresident program, and holds a Master's Degree in Management from the Johns Hopkins University. He is licensed as a master of small passenger vessels.

BUREAU STAFFING

Mr. CALVERT. I thank the gentleman for his statement. As I noted in my opening statement, we focused on ensuring, and you both spent some time discussing that, proper staffing at both BOEM and BSEE since the reorganization, in order to meet the large demand for timely leasing and permitting. Director Beaudreau, your budget asks for no additional personnel from your current level, I believe it is 551, so it appears that BOEM has met its goal for hiring engineers? I understand you have some challenges remaining as far as an aging workforce, but does that mean you are fully staffed up, and you have met your hiring goals?

Mr. BEAUDREAU. The current configuration for the Bureau, in terms of our personnel needs, and how we validated those, we are comfortable it provides us with the manpower necessary to perform our missions. We have a real-time challenge, as people retire or move on, back-filling those positions, so at any moment in time we are not necessarily fully complimented. But, that said, under our budget, and the current configuration, we believe we have the right amount of resources, in terms of FTE, to fulfill our broad responsibilities.

Mr. CALVERT. You have the right mix of talent, the right type of people to do the job properly?

Mr. BEAUDREAU. Correct. And I will just say, and you mentioned it at the outset, the Committee's work on providing us with hiring authority for some of these positions that are extremely competitive, particularly at times like this of high oil prices, as we compete with the industry for the same petroleum engineers and geologists, has been extremely helpful, and we do appreciate your leadership on that. In fact, and I am sure Bureau of Land Management Principal Deputy Director Neil Kornze talked about it this morning, it is part of that type of reform that, on the onshore, BLM is looking to implement as well.

Mr. CALVERT. Director Salerno, your budget requests an additional 51 full time equivalents, for a total of 869 personnel. Where are you at with respect to your hiring goals, and what are your metrics of a success?

Mr. SALERNO. We continue to attract and hire new employees, but I will tell you that the competition from the industry from a salary basis is extremely challenging for us. Last year, in 2013, we hired 178 new employees. 116 of these were in critical fields, such as scientific capabilities, inspectors, and engineers.

But out of that 178, the net gain was only about 94, because as new people come in, many of our people, who are very good, very talented people, are offered opportunities to work in the industry at substantially higher pay rates. So that is an ongoing challenge for us. We are appealing to other motivations, patriotism, and the desire to serve the public. There are many people who are attracted to that, and we are very grateful for that, but for some people it is not enough to offset the very, very attractive salaries from the industry. It is an ongoing challenge for us. We continue to recruit from a variety of sources, from colleges, from the industry itself, and from the military, to get the right mix.

Mr. CALVERT. Have you used the additional inspection piece from the 2012 Omnibus to help you accommodate that—

Mr. SALERNO. We—

Mr. CALVERT [continuing]. Hiring issue?

Mr. SALERNO. We have used the special salary rates that Congress has provided, and, echoing Director Beaudreau, we are very grateful for that. That is enormously helpful. Without that, we would be in a far worse position.

SUBMERSIBLE

Mr. CALVERT. I guess this question would be for you. I just saw on the news that a submersible went down in the Gulf, down where the oil spill occurred, to get to the bottom, a deep water submersible. Is there any initial response from that submersible, any news?

Mr. SALERNO. I do not have any late breaking news on that, sir, but we can certainly follow up.

Mr. CALVERT. Just kind of curious. It went down this week, I understand, so I was just curious if anything occurred from that. Okay. Mr. Moran.

Mr. MORAN. Thanks very much, Chairman. Both of you have done a fine job in resurrecting respect and credibility for this mission, and I really admire both of you. And congratulations, Mr. Beaudreau, for being bumped up to run the whole Department. Clearly the Secretary got a lot of good feedback from your work.

Mr. BEAUDREAU. It is like winning a pie eating contest and getting a pie.

GULF OF MEXICO OFFSHORE DRILLING

Mr. MORAN. Yeah. I like that. That is a great expression. I will use that sometime. I would like to know whether drilling is increasing, decreasing, or staying level in the Gulf of Mexico, Director Beaudreau.

Mr. BEAUDREAU. The trend we have seen, in terms of exploration drilling, as well as development, has been that the activity is increasing. There are more rigs working today in the Gulf of Mexico than prior to the spill. Director Salerno can amplify this, but the companies that I speak with, when we talk strategically about where you are going, three, four, five years down the road talk about acquiring additional rigs, including new builds, and moving additional rigs into the Gulf of Mexico. It is still a world class basin. It is incredibly mature, in terms of infrastructure, including emergency response capacity, and it is still one of the most profitable places in the world to work offshore.

OFFSHORE LEASES

Mr. MORAN. Um-hum. Well, let me ask, Director Salerno, how many leases are there in the Outer Continental Shelf where only the minimum is being done to retain the lease interest?

Mr. SALERNO. The underlying philosophy in our regulations, and what we enforce, is use it or lose it. There are defined lease terms, which are set by BOEM.

Mr. MORAN. Yeah.

Mr. SALERNO. We manage that within BSEE to make sure activity is conducted on those leases, and that the companies are not sitting on them indefinitely. There is an expectation that they will produce from those lands, and if they fail to do so, they stand to lose that lease.

Mr. MORAN. Do you have any estimate of the number of acres that are leased, versus those in production?

Mr. SALERNO. I do not have that by acreage at the moment, sir, but I am sure, together with BOEM——

Mr. MORAN. I think that——

Mr. SALERNO [continuing]. We can provide that.

ATLANTIC ENVIRONMENTAL IMPACT STATEMENT

Mr. MORAN [continuing]. Might be useful to know. I obviously have a particular interest in seismic testing in the Atlantic, and I understand that you have completed the EIS. When do you expect seismic testing in the Atlantic to begin? And I would like to know what safeguards are being planned to be put in place, particularly with regard to impact on shipping, on tourism, and on military operations.

Mr. BEAUDREAU. Thank you for that question. We recently published the final programmatic EIS relating to G and G activity in the mid and south Atlantic. That EIS really is a set of alternative suites of mitigation to mitigate the types of impact you described, Congressman Moran, including Chimera closures in certain places because of well migrations, or turtle nesting, including requiring operators, seismic operators, seismic contractors, to utilize emerging technologies, like passive acoustic monitoring, which currently exist, and is employed to avoid conflicts, and to shut down where there may be conflicts.

In terms of when activity may begin, the programmatic EIS is out for comment now. A ROD will be issued that will select among the alternatives. Our preferred alternative is the most protective set of mitigation measures. We currently have pending applications from G and G contractors to conduct those surveys, and it is possible, depending on what the contractor wants to do, that the first survey could be as early as later this year.

OIL SPILL LIABILITY CAP

Mr. MORAN. And it will take into consideration interference with naval operations, I am sure. Just one other question, Mr. Chair. The oil spill liability cap, you have proposed raising it from \$75 to \$134 million. That is the largest you could do without Federal legislation. It is the first increase since passage of the Oil Pollution Act back in 1990, a quarter century ago. I understand that opposition has surfaced, of course, from the industry, and that the cap adjustment may be delayed. When do you expect that cap adjustment to be implemented on spill liability?

Mr. BEAUDREAU. We have done everything we could, from an administrative standpoint, to adjust the liability cap. It is essentially an inflation adjustment, but since the adjustment has not been made since 1990, and actually the statute requires that it be adjusted periodically every three years, we had some catch-up to do. And so that accounts for the adjustment from 75 to 134 million. We

did get requests for additional time to comment on that adjustment, and because we want to hear from everybody about it, we accommodated those requests. We will consider the comments we receive, of course, but assuming we move forward on the track that we feel we are statutorily obligated to continue on, we will finalize that rule, and the new cap will be in place this year.

Mr. MORAN. Okay, good. Thank you, Director. Thank you, Mr. Chairman.

Mr. CALVERT. Thank the gentleman. Mr. Simpson.

DIRECTOR TOMMY BEAUDREAU PROMOTION TO CHIEF OF STAFF

Mr. SIMPSON. Thank you, and thank you for being here. Like I said, I do not know if that is a step up or what, becoming Chief of Staff with the Secretary. That is going to be a challenging job.

Mr. BEAUDREAU. Yes.

Mr. SIMPSON. I hate to see somebody with a name like Beaudreau leave the oil industry and go to the main offices. I mean, that name was made for the industry that you are in, is it not? Every time Billy Tauzin had a joke, and he had a lot of them, his members will remember, there was always a Beaudreau in there somewhere. Congratulations.

Mr. BEAUDREAU. Usually involves, like, an outhouse——

Mr. SIMPSON. Yes.

Mr. BEAUDREAU. Familiar with those.

Mr. CALVERT. None of the jokes you can repeat.

BUREAU STAFFING

Mr. SIMPSON. I was going to say, I was not going to talk about them. But anyway, congratulations, and we look forward to working with you in your new capacity. Following up on what the Chairman asked, how many unfilled positions do you currently have today?

Mr. BEAUDREAU. I can get you the specific number. It changes on a daily basis, depending on retirements, and attrition, and that sort of thing. But we are, speaking for BOEM, we are at an equilibrium, I believe, in terms of our staffing. We are obviously trying to recruit, make sure we are fully complimented, but that is evolving every day.

Mr. SIMPSON. How long does it take to fill a position, on average?

Mr. BEAUDREAU. It can take months and months, and that is, honestly——

Mr. SIMPSON. Is that because of competition with the private sector?

Mr. BEAUDREAU. In part, but also we have given a lot of focused attention to trying to streamline and accelerate the bureaucratic process of on-boarding personnel, and that has been a major part of what we have been trying to do with the Interior Department, and our agency's HR offices, to try——

Mr. SIMPSON. Federal hiring policy sometimes makes it much more difficult than the private sector to actually hire somebody——

Mr. BEAUDREAU. And you get very far along in the process with a good person, they are waiting around, and they get poached.

Mr. SIMPSON. Yeah.

Mr. BEAUDREAU. And that is a very frustrating thing to experience.

Mr. SIMPSON. Okay. Same questions for BSEE.

Mr. SALERNO. Sir, as far as the delta, I would echo Director Beaudreau's comment that on a daily basis it changes. Certainly with the 51 plus up, those are vacant, and those are ones that we are actively seeking to fill. We can get you more detailed information. And as far as on-boarding, same comment. It is more challenging bringing people into the Federal system, regardless of department or agency. There are just rules that we have to comply with that are time consuming. And that is often a challenge we have to manage.

OFFSHORE PERMITTING

Mr. SIMPSON. Okay. One of the other reasons that we split the MMS—is that what it was? Minerals Management Service, yeah, why we split that into BOEM, and BSEE, was not only to split the management from the enforcement sort of agencies, it was also to kind of concentrate on the fact that we had companies who were complaining that they never got a permit done. The permitting process took an extraordinarily long time, with permits kicked back and forth, and ping-ponged back and forth between the Bureau, and between the agency and stuff. How is the timing of permits now? Are we bringing down that timing that it takes to actually get a permit?

Mr. SALERNO. We have. In fact, I have some numbers here. In 2011, it took 71 days, on average. Now, there are a whole variety of permits, so this is an average. In 2013 that was brought down to 59 days, on average. We are looking at further improvements in the permitting system, automating it—

Mr. SIMPSON. Yeah.

Mr. SALERNO [continuing]. Which we believe will help correct some of the problems with incomplete submissions. If there is an automated process, almost like Turbo Tax, people can see where elements need to be inserted so that a submission is complete from the outset. We feel as we progress in this investment in our IT technology, that we can further refine the process.

The numbers are coming down. It is a different process than prior to Deepwater Horizon spill. More is required of the applicant. Our review process is more stringent. But even with those added features, the time is being reduced.

Mr. SIMPSON. Well, that is good to hear, because one of the things I heard repeatedly when this debate was going on, when we first did this, from companies was that they are willing to pay more in fees and stuff. What we want to see as a result from that, and their complaint was, we would submit something, and the government would send it back, saying, you need to fix this, or you need to address this that you have not done. And then they would do that, send it back, and say, by the way, you need to do this one also. You know, a more complete analysis was what they were looking for, so that they could move on. And it is extremely expensive to get these permits and stuff too, and time consuming, in companies, employees, and so forth and so on. So I appreciate the fact that that is coming down.

GULF OF MEXICO ENVIRONMENTAL CLEANUP

Just one last question. And I know you are not in charge of this, but what is the cleanup going like in the Gulf since the Deepwater Horizon spill? You know, we heard when this happened, a tragic environmental disaster that we all recognize. But you heard things like, jeez, the Gulf will never be the same, we destroyed it forever, and, you know, all that kind of stuff. How is the recovery of that spill going down there?

Mr. SALERNO. Well, it is an ongoing effort. There is still a cadre of people that conduct monitoring of beaches and marsh areas to look for long term effects, and also to respond in the event of any discovered oil. Typically it is very hard tar ball type oil, if it is discovered at all. There are a number of scientific activities, and studies being conducted, throughout the Federal Government, not necessarily within Interior, but certainly by NOAA, EPA, and others, to look at long term effects of things like dispersant use. We are very interested in the outcomes of those things, because they are response tools that are included in many companies' response plans, and we have the role in approving their response plans.

Ongoing activity, I think, just as in the Exxon-Valdez case, these things take a long time to ultimately resolve before the environment fully recovers, but a lot of progress has been made. I certainly keep in touch with my former Coast Guard colleagues on that front. They still maintain the Federal on-scene coordinator role, and are actively managing all aspects of the spill, and the lingering effects of that.

Mr. SIMPSON. Thank you, and thanks for being here today.

Mr. CALVERT. Thank the gentleman. Ms. McCollum.

ALASKAN TRIBES

Ms. MCCOLLUM. Thank you, Mr. Chair. I am going to start out my question by reading a resolution, and I ask my colleagues' forgiveness, because I do not want to mispronounce the name of this Tribe, and have it mispronounced by all of us in future references to them. The Shishmaref, I am probably not even close. They are in Alaska, but I think you will know who I am talking about as I read this. And I am reading their resolution 3-09.

"Whereas Alaska's indigenous people are inextricably linked to the land and sea, depending upon the natural world for our food security, community, and well-being, and cultural identity, whereas the Arctic Ocean and surrounding ecosystems have sustained the indigenous peoples for thousands of years, whereas the Arctic Ocean has been recognized, through science and traditional knowledge, as one of the most biologically important places on Earth, whereas the Arctic Ocean is home to whales, seals, walrus, and other migratory animals that many Alaskan Tribes depend on for their food security, whereas many animals and fish that Tribes across Alaska depend upon for their food security migrate to and from the Arctic each year, whereas many Tribes along the Arctic Coast continue to share trade, traditional foods from the Arctic Ocean with other indigenous communities, whereas food security is a basic human right, and recognized by the United Nations, and affirmed by the United States in the international covenant of civil

and political rights, whereas climate change is causing severe coastal erosion, loss of sea ice, ocean acidification, and changes to the migratory animals we depend on for our food security, whereas a loss of sea ice and other impacts from climate change are having an impact on our ability to hunt and provide for our families, whereas increased shipping vessels and traffic through Arctic waterways threatened with the threats of offshore drilling and exploration puts additional impacts on the ocean and coastal communities, whereas the United States Government and other Arctic nations are moving forward with plans to make further development in the Arctic Ocean, whereas Alaska's indigenous Tribes must stand together and support addition for the Arctic that protects our way of life and puts our people first, whereas Tribes must be in the forefront of planning for the future or the Arctic ecosystem, whereas traditional knowledge and wisdom of the elders passed down through generations is invaluable for understanding the Arctic ecosystem and best management, therefore, now be resolved that a comprehensive and scientifically proven mitigation and monitoring plan must be developed to provide oversight for Arctic industry activities that could impact our food security, way of life, and health of our peoples." It concludes with, "Be it resolved that the United States must consult and engage in a process with Tribes to determine the appropriate deferral areas and other protective measures for the important cultural, biological, and subsistence use of the areas of the Arctic Ocean ecosystem to ensure our food security, cultural identity, and protect our way of life." And it was voted on May 14 of 2013 at the village.

I bring this up because our office has had an opportunity to engage with these folks. I am not saying that you do not talk or speak with them, but it is clearly not in a way that they feel is a partnership, engaging, or respectful. Some of the activity that is impacting them is out of your control. It is clearly climate change. They are seeing species that they have never seen before, birds, fish, that are totally unusual to their way of life. They are losing land mass at a great length, and now when they see the drilling, perceived drilling. They are very, very concerned about just losing their culture, their way of life, their land, everything altogether.

This document that I have from you, it is the budget justification for 2015, and on page 76 over to 77, at the bottom. You talked about the assessments of the Alaska region. Now, I think my friends here, my colleagues, would all say that, when it comes to NEPA and some of those other things, I am rock solid. I am there. So this in no way is, dismisses the importance I place on NEPA. But it is the last two lines of that paragraph, where you even acknowledge Alaskan natives in the integration of traditional knowledge, interpretive documents and decision-making.

Certainly the devotion that is given to NEPA under the environment, should not our brothers and sisters, the Aborigines, the first Alaskans, come first? Could you please explain to me and the Committee your process from beginning to end on how you engage Alaska native villages, and what you could, or will be doing better in the future?

Mr. BEAUDREAU. I would actually like to do that. I am an Alaskan myself. I grew up in Alaska. My father moved our family to

Alaska in 1979, when he got a job working on the North Slope. Part of the most important and gratifying aspect of my job over the last almost four years has been the opportunity to reconnect with my home State across these issues. I spend a lot of time personally on the North Slope. I was on the North Slope in February just a few weeks ago, meeting with the Native Village of Nuiqsut. I met with Johnson, who was a representative from the Village of Shishmaref, the folks you met with last week, to talk about all of these issues. Let me put it this way. I take, and we all do, extremely seriously our relationships with the people of the North Slope, and the Native Villages. We have developed relationships over the past several years that I think are much different than perhaps historically they were. I think we are understood to be extremely respectful, engaged, and concerned about the changing situation on the North Slope.

Everything you described and read from the resolution, in terms of climate change, is true, and I have seen it first-hand. Part of what is happening with receding sea ice is not only polar conditions warming to the point where you have receding sea ice, it also affects the permafrost. And then you have these compounding wave effects where coastal communities are literally being washed into the sea. And that is part of the situation in Shishmaref today.

And so, when folks there talk about climate change, they are on the point of the spear with it. They see it every day. It is literally changing the way their communities work. And it also affects subsistence hunting. On the North Slope today, more than 60 percent of the caloric intake in these villages is still from subsistence hunting and fishing. And so when folks like the villagers in Shishmaref tell you the ocean is our garden, that is true. That is where they literally go for food. And so I take that with me, and I know Brian does too, into these jobs every day. We have a high level of concern for the people on the North Slope, for protecting their way of life, and for working with them through our decision-making process.

When you referred to the reference on traditional knowledge in that report, that was not a throw-away line. That is an extremely important part of our information collection system, in terms of evaluating where potential leasing may be appropriate, and where it is not appropriate. We do a lot of scientific studies to get Western science data around these issues, but I found it, personally, extremely valuable to go to a hunter and say, where do you go to find walrus? Where do you have to go to find whale today? And it is different than it was when their fathers were hunting. They have to go a lot farther out. That carries risks in and of itself.

And so that is a long way of saying we are completely committed to working with indigenous people wherever our programs are relevant, but especially in Alaska, and I personally take that extremely seriously.

Ms. MCCOLLUM. Mr. Beaudreau, I do not doubt your sincerity for a second, I truly do not. I do not doubt for a second that you have elevated this up, as you said, higher than before, but if we do not have a formalized process, if we do not have something that is written on paper that is implemented, there is very little security. There is very little opportunity to build on a more trustful relationship. So if the Bureau of Land Management is doing something

next to a county, city, or even a tribal area on the lower 48, there is much more of a formal process involved in here than what I have been able to tangibly pick up with those native Alaskans in the North Slope.

I would look to you to come up with a formal, respectful guidance procedure or policy that we can work on together with this Committee, and with the Alaskan natives in that area, so that there is consistency. They are citizens of America, the same as the citizens around in the Bakken Oil area, and they are having challenges being heard, although that is not public, it is private land.

So I look forward to working with whoever is going to be taking your place. Mr. Chair, thank you very much for your indulgence of the time. This is a very important issue.

Mr. CALVERT. I thank the gentlelady. Mr. Joyce.

NATIONAL OCEAN POLICY

Mr. JOYCE. Thank you, Chairman Calvert. Gentlemen, good morning, still. In the fiscal year 2014 Omnibus, it included a 60-day deadline to report back to this Committee on all expenditures to date on National Ocean Policy implementation, as well as funding for your fiscal year 2015 request. Since that deadline passed on March 17 of this year, when will you submit the requested information, and how much funding is in your fiscal year 2015 request for the National Ocean Policy?

Mr. BEAUDREAU. I will look into the specific response. I know we have provided responses to requesters in the past about specific expenditures related to NOP. I know we went through that exercise recently. And so, if there is miscommunication, or it has not gotten to you yet, I will clear that up. The bottom line answer, with respect to the amount of our budget devoted to NOP, is, other than a small number of personnel whose part of their job description is to attend meetings with regional councils, we do not have any line items specifically devoted to NOP.

That said, big picture part of what National Ocean Policy is meant to be is stakeholder engagement across the entire spectrum of stakeholders, including industry, local community, and the States. That is endemic to what BOEM does as part of our planning process. You see it with conventional energy, as well as with renewable energy. And so, while we do not have any line items devoted specifically to expenditures on NOP, our entire process is about engagement with that whole range of stakeholders.

Mr. JOYCE. What is your view of NOP? Do you feel that some of the authority granted to the Secretary of Interior under the OCS Lands Act is potentially undermined by a marine spatial plan that each regional planning body must create?

Mr. BEAUDREAU. No, I do not see it that way. I see, again, good stakeholder driver processes and engagement to make sure that the entire range of concerns—take offshore wind as an example. That entire process is about talking to wind developers on the one hand, folks who are interested in the commercial prospects, but the fishermen who may be impacted, the military uses that may be impacted, concerns with sister agencies about endangered species, the whole host of stakeholders, try to, in a smart and up front way, reconcile all those issues. That is, if done properly, what the Secretary

is supposed to be doing under OCSLA. And so I do not feel that NOP in any way erodes our authority. If done right, it is completely complimentary with the way we should be doing business.

Mr. JOYCE. Thank you. I yield back, Mr. Chairman.

Mr. CALVERT. Mr. Moran, any additional questions?

GULF FISH STUDY

Mr. MORAN. Yes, thank you, Chairman Calvert. I was just told that they found that in the Gulf young fish have their breathing and heart systems compromised, so they do not expect them to live as long. Have you seen any of that? There was an article in the Washington Post in that regard.

Mr. BEAUDREAU. Yes, I believe you are referring to a recent study completed by NOAA that looked at impacts on tuna populations, and the potential effect of the spill on those species. And I believe that was the finding, that it affected cardiovascular systems in those species in a way that is still under study, on terms of what the total impacts were. But that study was undertaken as part of the Natural Resource Damage Assessment process, under NRDA.

NATIONAL COMMISSION ON THE BP DEEPWATER HORIZON OIL SPILL AND OFFSHORE DRILLING

Mr. MORAN. Interesting. What is the status of the implementation of the safety of environmental recommendations that were made by the BP Oil Spill Commission? Mr. Salerno.

Mr. SALERNO. Yes, Congressman. There were quite a few recommendations, as you know. I think the Commission specifically made 33 recommendations to BSEE, to the Bureau of Safety and Environmental Enforcement, or its predecessor organizations, MMS, or BOEMRE. Of those, about 25 of them have been addressed, or are being addressed through ongoing initiatives, such as rulemakings. One example would be a rulemaking now under development for blowout preventers, which would enhance the requirements for that very vital piece of equipment.

Many of the remaining ones that we have not addressed were addressed in a different way. For example, there was a recommendation that we adopt a safety case approach, similar to what is being done in Norway. We are following a somewhat different track. We think we are covering essentially the same ground, with very good results. We have taken some recommendations, and acted upon them, but maybe not specifically in the way the authors intended, but in the spirit of what they intended.

Overall, there were about 15 different studies performed after Deepwater Horizon. The Oil Spill Commission was very prominent, but there was also one with the National Academy of Engineers. Again, it is a whole host of them. And, in aggregate, about 200 recommendations that are directly applicable to my organization, and roughly I would say $\frac{3}{4}$ of them are either being acted upon, or addressed in some way. When you get that many recommendations, they are not all consistent, so you kind of have to sift through them and get the intent behind it.

But it is very much an active effort on our part to take all of those recommendations that make the most sense and yield the greatest effect to bring those to conclusion.

Mr. MORAN. Well, we have a responsibility for oversight, and it is going to be important to understand to what extent, and how many of the recommendations actually were fully implemented in Federal policy. And I trust you are absolutely determined to do that.

Mr. SALERNO. Yes, sir.

BP OIL SPILL SETTLEMENTS FOR DAMAGES

Mr. MORAN. I have obviously been critical of BP for some of the laxity, and the expedient decisions that were made. This is not a question I really expect you to answer with any precision, but it does seem to me that, in the wake of the oil spill disaster, there have been an awful lot of folks who have jumped on the bandwagon and tried to get settlements for damages that are kind of spurious. It seems as though BP actually has a point to be made in some of these organizations and individuals that are claiming damages that are very questionable. Do you have any observations, either of you, on that?

Mr. BEAUDREAU. No.

Mr. MORAN. Yeah, I kind of suspected.

Mr. BEAUDREAU. That is okay.

Mr. MORAN. Yeah.

Mr. BEAUDREAU. I do not want to wade into territory—

Mr. MORAN. Yeah, I know.

Mr. BEAUDREAU. Right.

Mr. MORAN. Yeah.

Ms. MCCOLLUM. Good job.

ARCTIC OCEAN

Mr. MORAN. Yeah. Okay. Well, I did not expect any different answers. Yeah, I, you know, Ms. McCollum has referenced Alaska. We are concerned, obviously, about the Arctic Ocean particularly. Do you look at the Arctic Ocean in a kind of particularly sensitive way due to the fragile environment up there? I trust the answer is yes, but that is the last question I would have. Is there a uniqueness about the Arctic Ocean, and its vulnerability, given all of the resources that are claimed to be there?

Mr. BEAUDREAU. You are absolutely right, and Representative McCollum is right about that as well. When I described in my opening statement a region specific approach to leasing, that is what I was referring to. You look at the Gulf of Mexico, very mature, very well developed, a lot more resources, a broader approach to leasing may be appropriate there. For offshore Alaska, what we have described in the Five Year Plan is a totally different model that flips that on its head, and is actually more similar to what we do with siting of renewable energy, where we look at what the resource potential is.

Because there is significant resource potential, especially in the Chuckchi Sea, we look at what we know about well migration patterns, subsistence fishing, including incorporating traditional knowledge, and try to de-conflict all of that and, we have a much

more targeted and focused area that we would even consider for leasing. And it is really an entirely different model.

Mr. MORAN. Very well put. Thank you very much. Thank you both, and, Mr. Chairman, I appreciate—

Mr. CALVERT. I have been to Alaska a number of times, and of course, I served for many years on the Resources Committee, and went to Alaska when Don Young, ran a codel up on the North Slope, and spent some time in Barrow, and we met with a lot of Native groups up there, and in the years on the Committee, met with many folks, discussing those issues. And I find, as many issues with Native Americans, there is a diversity of opinion.

Mr. BEAUDREAU. Yes, that is true.

Mr. CALVERT. And—

Mr. BEAUDREAU. Not monolithic.

Mr. CALVERT. It is not monolithic. But I would say, just for the record, most of the Natives in that area believe that they have been worked with, with the oil exploration companies. Is that a reasonable statement to make, that they have discussed this in detail with them?

Mr. BEAUDREAU. I agree with how you described it. These are not monolithic communities. They are small towns, and in any small town, there are a lot of dynamics going on. And they are very sophisticated people, who have a range of views. One viewpoint that I hear quite often when I am up there is, if oil and gas activity is going to go forward, what is in it for us?

Mr. CALVERT. Yeah.

Mr. BEAUDREAU. What does that mean for us? Both in terms of impact, but also in terms of potential economic benefits. And, in my mind, that is a very compelling question.

Mr. CALVERT. As you know, the late Ted Stevens spent a lot of time up there, and a lot of resources in those communities, had directed to those communities, a lot of jobs with the Native populations in that region. And many of the folks in that area participate in the revenue that is generated in that area, I just wanted to bring that up.

DECOMMISSIONING OFFSHORE PLATFORMS

And in the issue of the Gulf, we have got a lot of old rigs out there. One of these days, somebody is going to run into one of those things. How many rigs are in the Gulf right now that have been abandoned?

Mr. SALERNO. I do not have the exact number that are abandoned. What I have are total number of rigs. It is about 2,600 platforms, fixed facilities, that are out there. There are probably a number of additional ones that are not producing right now. And when they cease to produce, there is an obligation, under the law, that they be removed. That is something that is within the purview of my agency, and we work with the companies to see that happens in a reasonable timeframe.

Mr. CALVERT. How many applications are out there for decommissioning right now?

Mr. SALERNO. I will have to get back to you.

Mr. CALVERT. Is it in the thousands?

Mr. SALERNO. I will get that number for you.

Mr. CALVERT. Well, that is what I hear. Maybe that is——

Mr. SALERNO. No——

Mr. CALVERT [continuing]. Total, but does that seem——

Mr. SALERNO. There——

Mr. CALVERT [continuing]. That might be close to correct?

Mr. SALERNO. It may be close. The number of rigs, even just a year or two ago, was substantially higher out in the Gulf. A number of them have been removed. Some have been converted into reefs. We have a rigs to reefs program.

RIGS-TO-REEFS PROGRAM

Mr. CALVERT. And that is actually my next question. It can be a win-win. One is that they have an obligation to remove the rig, but they do not have to remove the whole rig down to the sea bed. They could potentially cut that, and use that for artificial reefs to help the fish population.

Mr. SALERNO. That is correct. There are criteria for doing this in an environmentally sound way. It is done in conjunction with the States. But often the States and local communities, like fishermen, really want those artificial reefs because an ecosystem has been built around them, and they want to preserve that. We have found ways to do that and accommodate it. And this was an issue a few years ago, and I think we have found a path forward that has worked quite well in the last year or so. We are going to continue with that.

Mr. CALVERT. Okay. Any additional questions? Yes.

SHELL OIL KULLUK

Ms. MCCOLLUM. This is kind of current news, Shell Oil Kulluk, am I saying that right?

Mr. BEAUDREAU. Kulluk.

Ms. MCCOLLUM. Kulluk.

Mr. BEAUDREAU. Right.

Ms. MCCOLLUM. Are you French-Canadian? They were teasing you about being Louisianan. Yeah. Not all Beaudreaus are South. So thank you for helping with the pronunciation. Anyway, it was stranded off the coast of the Kodiak Island on December 31, 2012. The rig became stranded as a result of being towed into the Alaskan Arctic to Washington State repairs. So there are many questions as to why Shell decided to move the rig from Alaska to Washington during bad weather.

Now, tax law has been one of the big speculations that have been out there in order to make sure that Shell received as much profit as possible. So yesterday the Coast Guard released a report stating inadequate assessment and management of risk was the biggest reason for the grounding. So what is the Bureau's takeaway from this report to work to ensure that there are adequate safety measures before towing like this takes place again? Who is paying for the Coast Guard, the involvement in that, and everything else? Were taxpayers on the hook, or were funds able to be recovered since 2012 on this grounding?

Mr. SALERNO. First of all, let me say, we are going through the report from the Coast Guard. I have looked at it personally. I think they have done an excellent job, and I am a former Coast Guard

officer, so I am a little bit biased, in characterizing the elements that went into that casualty. What they have found, in great detail, is an absence of adequate risk management, on the part of Shell, and its contractors, in particular Chouest, their assessment of the environmental conditions, the selection of towing equipment, the vessels that were used, the fact there was only a single towing vessel going through the Bering Strait, the Bering Sea, that time of year without any redundancy. It is very difficult to re-make a tow in those extreme conditions once the tow line is broken.

All of those things are included in the report, and I think it does an excellent job of characterizing the absence of preparation, for operations that time of year. It is very consistent with a report that was done over a year ago, led by the Department of the Interior, both with other agency involvement. Secretary Salazar at that time commissioned a 60-day review. He wanted to understand what went wrong in the aftermath of that event. And it found something that I think is entirely consistent with the Coast Guard's review, and that is different operating elements of Shell's organization were not very well synchronized. It was a classic left hand not knowing what the right hand was doing. They had spent a lot of time and effort focusing on the drilling activity. They really did not spend a lot of time integrating the maritime activity and the marine transportation related activity, so overall risk management suffered.

Now, as a result, the 60-day report required that, for future operations, Shell, and any operator, would be required to develop an integrated operations plan. And that is what we have communicated to Shell. They were actively working on that, until they decided not to go forward this year. But that requirement remains, that, if they choose to go back, we want an integrated operations plan, that needs to be audited by an external entity. We will go over this with a fine-tooth comb because we do not want a repeat of that lack of internal coordination within their organization that contributed to this event.

We work very closely with other Federal agencies on anything in the Arctic, in particular with the Coast Guard, but there are a whole host of them. There is an inter-agency working group, and it is all of the alphabet soup of government that has a stake in Alaska. We watch this very, very closely. But we learned from that event. Shell learned from that, we learned from it, the Coast Guard has learned from it, and that has our attention and our focus.

Ms. MCCOLLUM. Were there any indirect or direct costs to taxpayers that have not been recovered?

Mr. BEAUDREAU. I do not know the answer to that question, but we will look into it.

Ms. MCCOLLUM. Because it seems to me that they should pay for their own mistake, their mess, their hurry-up to get something moved to their advantage. Thank you, Mr. Chair.

Mr. CALVERT. Any further questions? I believe we will probably have some questions for the record that we will submit to both of you, but thank you for attending this hearing. We are adjourned.

U.S. House of Representatives
Committee on Appropriations
Subcommittee on Interior, Environment, and Related Agencies
FY15 Budget Hearing: Bureau of Ocean Energy Management and
Bureau of Safety and Environmental Enforcement
April 4, 2014
B-308 Rayburn HOB

General Question: Director Beaudreau

The Bureau of Ocean Energy Management (BOEM) includes an increase in funding and six new positions for its Alaskan office. The agency's "Budget Justification and Performance Information" report states that "BOEM anticipates receiving multiple requests to conduct ancillary activities and exploratory drilling on several of these [Chukchi and Beaufort] leases, and ultimately requests for approval of development and production plans."

We further understand that as part of President Obama's "Blueprint for a Secure Energy Future," the "Administration remains committed to facilitating development in the [Alaska] region." While we are encouraged that BOEM is seeking additional resources in order to better facilitate Alaskan offshore development, we remain concerned that the agency has not yet demonstrated its ability to efficiently process permit applications for current lessees, given that only one season of drilling has occurred since leases were issued in 2005.

Question 1: Can you please specify how these additional funds will be directed in a manner that facilitates a more efficient permitting regime for Alaskan OCS lease holders?

Answer: The Department supports safe and responsible offshore oil and gas exploration in the Arctic. The Arctic holds substantial oil and gas potential, but also presents unique environmental and operational challenges. Offshore exploration in the Arctic must proceed in a way that is safe, prepared for the unique challenging Arctic environment, and respectful of the Alaska Native communities that depend on the ocean for subsistence.

Generally, the additional funding will help ensure the expeditious and orderly development of the Nation's offshore energy resources, subject to environmental safeguards and in a manner which is consistent with maintaining competition and obtaining fair return for the American taxpayer. Among other things, BOEM will use these funds to add technical staff to review and oversee any proposed offshore oil and gas exploration programs in the Beaufort and Chukchi Seas.

BOEM coordinates exploration plan and development and production plan reviews with the Interagency Working Group on Coordination of Domestic Energy Development and Planning in Alaska, established by Executive Order in July 2011 and chaired by the Department's Deputy Secretary. The working group has taken the lead in coordinating the permitting of energy projects across the relevant federal agencies, leading to greater efficiency in the regulatory process. BSEE is also an active participant on this working group.

BOEM and BSEE are developing new rules to govern exploratory drilling on the Arctic OCS. This rulemaking is designed to ensure safe, effective, and responsible exploration of Arctic OCS oil and gas resources, while protecting the marine, coastal, and human environments, and Alaska Natives' cultural traditions and access to subsistence resources. The new rules are expected to codify and further develop key standards for operating offshore on the Arctic OCS, as well as refine the regulatory process, thereby providing further certainty for lessees.

Question 2: The BOEM budget justification document notes that the Alaskan OCS region will experience significant additional activity in FY2015. Is \$2.5 million a sufficient increase in resources to ensure BOEM can expeditiously permit seismic and exploration activities and move forward with new leasing under the current and future five-year leasing programs?

Answer: Funding requested for FY 2015 is sufficient for BOEM to complete its responsibilities under the current Five Year Program and prepare for the next Five Year Program, including preparing for possible lease sales, reviewing potential permit applications for seismic and other activities, and reviewing any exploration plans submitted by lessees.

IOP & 3rd Party Audit: Director Beaudreau

In its budget justification report, the Bureau of Ocean Energy Management (BOEM) cites several programs to be underway in FY2015 affecting Arctic energy development, including: a region-specific set of policies, ongoing work with NOAA to “complete a broad environmental impact statement for seismic and exploratory activity in the Arctic,” environmental analysis and activity for Alaskan lease sales in 2016 and 2017 including permitting seismic activity, and exploration drilling activities.

Since leases were issued in 2005, only one very limited season of drilling has occurred in the Chukchi and Beaufort Seas. Future activity will depend on BOEM's ability to resolve ongoing litigation expeditiously and review current plans of active leases. However, in BOEM's budget justification document, it states that the workload related to Arctic exploration drilling “will remain fairly constant in 2014.”

Question 3: Is “fairly constant” a sufficient level of activity in 2014 given that companies today are beginning to express doubt on the ability of the Interior Department to implement a workable regulatory regime?

Answer: Work levels have remained fairly constant thus far in 2014, but are expected to slowly increase as the year progresses. In early FY 2014, BOEM received a revised Exploration Plan (EP) from Shell for exploration work in the Chukchi Sea, which BOEM had made substantial progress in reviewing. On January 22, 2014, before final action was taken on the EP, the U.S. Court of Appeals for the Ninth Circuit issued its opinion upholding BOEM's treatment of incomplete or unavailable information in the Lease Sale 193 Supplemental Environmental Impact Statement, but finding that the one billion barrel estimate for most likely development scenario analyzed by the Department in the original 2007 Environmental Impact Statement for the lease sale was arbitrary and capricious. In light of the Court's opinion, Shell announced it was halting its exploration drilling program for 2014, and BOEM discontinued the review of the

EP. Since then, Shell has begun work on a revised EP for 2015, and is meeting on an ongoing basis with BOEM to discuss its potential future exploration activity.

BOEM and BSEE are working with BP Exploration (Alaska) Inc. (BPXA) on its Liberty Prospect development, located in the Beaufort Sea. BPXA plans to submit a Development and Production Plan for Liberty by the end of this year. Liberty would be the first solely federal offshore development in the Beaufort Sea, and it would involve drilling from a man-made gravel island, which is significantly different than open-water drilling from a floating drill rig.

BOEM and BSEE are continuing to work with ConocoPhillips, which has indicated that it remains interested in pursuing Chukchi Sea exploration once litigation issues are resolved.

The characterization offered by this question that industry is expressing “*doubt on the ability of the Interior Department to implement a workable regulatory regime*” has not been the Department of the Interior’s experience. To the contrary, the Department demonstrated the effectiveness of its permitting process in 2012, the last season for which BOEM and BSEE received a formal exploration plan that was deemed submitted and associated drilling permit applications in the Chukchi Sea, and has been working effectively to protect the Nation’s environment and to safeguard its natural resources as the development process proceeds.

Question 4: Since current activity will influence activities in FY2015, please address how the Interior Department is working today to resolve hurdles to drilling activities in 2015, including Interior’s evaluation of Shell’s operations and resolution of ongoing litigation.

Answer: In light of the Ninth Circuit’s January 2014 decision finding a defect in the original 2007 Sale 193 EIS, Shell halted its exploration program for 2014. BOEM currently is preparing a supplemental EIS to address the defect identified by the Ninth Circuit. BSEE has issued directed suspensions of all Sale 193 leases while the NEPA defect is being addressed. In the meantime, DOI has received authorization from the District Court to review, but not “deem submitted” or approve draft EPs, for potential future exploration programs, as well as process routine agency paperwork, such as lease assignments and relinquishments. The District Court also has made clear that BOEM may authorize ancillary activities, such as geological and geophysical surveys and permitted studies.

There are no restrictions on continuing pursuit of exploration drilling in the Beaufort Sea. To date, neither Shell nor any other operator has proposed a Beaufort Sea exploration program during an upcoming drilling season.

DOI is working on a rulemaking to codify and further develop requirements for exploratory drilling and related operations on the Outer Continental Shelf (OCS) to ensure safe, effective, and responsible exploration of Arctic OCS oil and gas resources, while protecting the marine, coastal, and human environments, and Alaska Natives’ access to subsistence resources and cultural traditions. The proposed rule is expected to address a number of important issues and objectives, as well as a number of lessons learned from Shell’s 2012 exploration program, to ensure future Arctic oil and gas exploration activities will be carried out in a safe and responsible manner.

Lease Sale 193 SEIS: Director Beaudreau

The Ninth Circuit Court of Appeals recently determined that the environmental analysis underpinning Chukchi Lease Sale 193 inadequately estimated the potential amount of economically recoverable oil.

Previously, in July 2010 the U.S. District Court of Alaska ruled that BOEM's environmental analysis for Lease Sale 193 failed to adequately address the environmental impact of natural gas production and other factors. During revisions to the document, the Interior Department determined that a revised supplement EIS was necessary to address the possibility of a very large oil spill (VLOS). In total, these revisions resulted in over one year of additional analysis by the agency.

Question 5: Understanding the need to resolve this matter swiftly so that lessees can pursue exploration programs, do you have a timeline on when this environmental analysis would be completed?

Answer: We are in the process of developing a timeline for critical milestones towards completion of the environmental analysis.

Question 6: Further, please comment on how you anticipate this necessary work affecting current lessees and their timeframes for exploration programs. Will evaluation of exploration programs in the lease area be delayed until BOEM can resolve Lease Sale 193 or will you move both programs forward simultaneously?

Answer: On March 28, 2014, the Department, acting through the Bureau of Safety and Environmental Enforcement, issued directed Suspension of Operations for all Chukchi Sea leases. The directed Suspension of Operations is effective as of January 22, 2014, the date of the U.S. Court of Appeals for the Ninth Circuit opinion, and will remain in effect until BOEM meets its obligations consistent with the Ninth Circuit Court's opinion and the direction of the District Court. As discussed above, the District Court recently issued an order authorizing BOEM to review, but not "deem submitted" or approve, exploration plans under the Sale 193 leases while the directed suspensions are in effect. The leases' terms will be extended for the period of this suspension.

Question 7: Are there dedicated resources to finalize swiftly a supplemental environmental analysis and resolve the litigation on Lease Sale 193?

Answer: Yes. BOEM has dedicated resources to finalize a supplemental environmental analysis and resolve the litigation on Lease Sale 193. The Bureau sees this task as a very high priority.

The Ninth Circuit Court of Appeals recently ruled that the Bureau of Ocean Energy Management's environmental analysis on Chukchi Lease Sale 193 did not properly assess the amount of oil production in the region.

Under the current five-year program, BOEM will consider three additional lease sales in the Alaskan OCS in 2016 and 2017. Already, we've seen current lessees – including ConocoPhillips and Statoil – express doubt about the regulatory process and the ability to move forward. The agency should be concerned that industry will not bid on new leases given the lingering uncertainty with current leases.

Question 8: The Ninth Circuit Court of Appeals recently ruled that the Bureau of Ocean Energy Management's environmental analysis on Chukchi Lease Sale 193 did not properly assess the amount of oil production in the region.

Under the current five-year program, BOEM will consider three additional lease sales in the Alaskan OCS in 2016 and 2017. Already, we've seen current lessees – including ConocoPhillips and Statoil – express doubt about the regulatory process and the ability to move forward. The agency should be concerned that industry will not bid on new leases given the lingering uncertainty with current leases.

Can you comment on the need for the Interior Department to prioritize resolving environmental analysis issues with Lease Sale 193 in order to send encouraging signals to future lessees?

Answer: The Department is committed to resolving the litigation on Lease Sale 193, and as mentioned above, has set this as a very high priority. For future lease sales, the Department intends to implement a strategy of conducting targeted leasing in the Arctic, which among other things will have the effect of reducing environmental and use conflicts and focusing the environmental analyses needed for these important leasing decisions.

Question 9: Future Alaskan leases could generate billions in federal revenue. As such, the swift, yet appropriate resolution of Lease Sale 193 is critical to furthering commercial development of the Arctic. How does BOEM anticipate amending the environmental analysis to militate against future litigation while also providing an accurate assessment of the likely level of commercial development in the region?

Answer: BOEM intends to act as expeditiously as possible to address all deficiencies identified by the U.S. Court of Appeals for the Ninth Circuit Court in its January 22, 2014, opinion through publication of a Supplemental Environmental Impact Statement (SEIS). BOEM has already begun the development of a new SEIS scenario and is using all available information to inform that effort. While "an accurate assessment of the likely level of commercial development in the region" will never be addressed in certain terms, BOEM will develop an analysis to address the Court's concerns and disclose the uncertainties inherent in any such assessment.

Lease Sales/5YP: Director Beaudreau

The Interior Department has requested an increase of \$2.5 million to \$65.7 million for its environmental programs. The Bureau of Ocean Energy Management (BOEM) notes that these funds will be utilized to prepare a programmatic environmental impact statement in support of the next Five-Year Program. BOEM further states in its justification document that, while the

current 2012-2017 oil and gas leasing program does not include a scheduled sale in any Atlantic areas, “areas of the Atlantic will be considered for future Five Year Programs.”

While this welcome news that the Interior Department will consider opening the Atlantic for leasing, concerns remain about the agency’s ability to permit operations in a frontier area. The example of the U.S. Arctic demonstrates the challenges that the Interior Department has faced in permitting operations.

Question 10: Please comment on how the Interior Department can best prepare to move forward with leasing and development in the Atlantic, utilizing lessons learned from the Alaska OCS.

Answer: Any potential leasing and exploration in the Atlantic planning areas will require new and comprehensive environmental assessment and studies as well as integration of existing environmental information.

BOEM recently completed the Atlantic Geological and Geophysical (G&G) Programmatic Environmental Impact Statement (PEIS) for the Mid- and South Atlantic Planning Areas. This G&G PEIS considers potential environmental impacts of G&G activities, including seismic surveys for oil and gas exploration. Once the PEIS Record of Decision (ROD) is finalized, BOEM will undertake additional actions prior to issuing any permits for seismic activities. This includes the review and approval of permit applications. As a part of the permit review, BOEM will conduct additional evaluations under the National Environmental Policy Act and related environmental consultations will be conducted by the applicant or BOEM (e.g. Coastal Zone Consistency, Endangered Species Act, Marine Mammal Protection Act, and the Magnuson-Stevens Fishery Conservation and Management Act).

BOEM will initiate the planning process for developing the next Five Year Program, for 2017-2022, this summer. The first steps in developing the next Program will be publishing a Request for Information and holding public scoping meetings. This will initiate the process of determining whether, and if so how, when and where, it may be appropriate to offer oil and gas leases on the Atlantic OCS as well as other planning areas. It is a detailed, carefully executed, and public process that is based on sound scientific analysis. A key part of safe and responsible development of our offshore oil and gas resources is tailoring consideration of leasing to specific regions and environments, engaging with States and local communities as well as industry, NGOs and other stakeholders, and addressing potential conflicts.

Question 11: Has the Interior Department requested sufficient funds to manage new programs in two frontier areas in FY2015?

Answer: In the Mid- and South Atlantic, sufficient funding is available in FY 2015 to carry out the processes related to permitting Geologic and Geophysical activities.

Question 12: Do you believe that the potential inability to move forward significantly with commercial programs in the Arctic will affect the commercial viability for leasing in the Atlantic?

Answer: No. Each OCS planning area has unique factors that must be considered and balanced as decisions about future leasing activities occur. Before any decisions about leasing on the Atlantic are made, BOEM will gather and analyze information and input specific to the Atlantic Planning Areas.

Question 13: The Bureau of Ocean Energy Management (BOEM) recently issued a Programmatic Environmental Impact Statement (PEIS) to guide seismic activity permitting in the Mid- and South-Atlantic. The issuance of the PEIS was a well overdue, positive step toward future development of Atlantic resources.

Opening an OCS region to new development requires significant time and resource investment by federal, state and coastal governments and industry. While the economic return from Atlantic development could be game-changing, there remains the risk that burdensome regulations could stall or limit drilling programs. The Alaskan OCS is a prime example. As ConocoPhillips noted with its decision to delay drilling, “it will put its 2014 Alaska Chukchi Sea exploration drilling plans on hold given the uncertainties of evolving federal regulatory requirements and operational permitting standards.”

How can the Interior Department provide better certainty to current Alaska lessees about federal regulations and, by effect, confer greater confidence to those companies interested in future Arctic and Atlantic lease sales?

Answer: BOEM and BSEE are developing a proposed rule that would govern exploratory drilling on the Arctic OCS. This rulemaking is designed to ensure safe, effective, and responsible exploration of Arctic OCS oil and gas resources, while protecting the marine, coastal, and human environments, and Alaska Natives’ cultural traditions and access to subsistence resources. The new rules are expected to codify and further develop key standards for operating offshore on the Arctic OCS. The Department anticipates the new rules will improve our efforts to protect this area while, at the same time, provide additional clarity regarding regulatory requirements for lessees. We anticipate the proposed regulations will be issued this year for public comment.

BOEM and BSEE are active participants on the Interagency Working Group on Coordination of Domestic Energy Development and Planning in Alaska, established by Executive Order in July 2011 and chaired by the Department’s Deputy Secretary. The working group has taken the lead in coordinating the permitting of energy projects across the relevant federal agencies, leading to greater efficiency in the regulatory process.

The Working Group was involved in coordinating federal regulatory and oversight efforts leading to the 2012 Alaska OCS drilling season and played an important role in the Department’s review of plans and permits for Shell’s 2012 operations. The Working Group will continue to play an important role in resolving issues associated with future oil and gas exploration in the Arctic.

Question 14: When companies purchased lease sales in Alaska in the 2000's, Alaska-specific regulations did not exist. Now, the budget justification document cites these Alaska regulations will be released this year. Will these apply to current lessees that purchased leases with an understanding of the current regulatory regime? Should potential Atlantic lease holders expect a similar bait and switch?

Answer: No leases have yet been issued for any of the Atlantic planning areas, nor has a sale been scheduled for leasing in any Atlantic planning areas. Should a future sale be held and leases issued in one or more Atlantic planning areas, future lessees would be subject to the terms of BOEM and BSEE regulations, as stated in their lease documents.

With respect to the Arctic OCS leases, the new rules are expected to apply to all existing leases in the Arctic, consistent with the terms of each lease. The Department believes that it cannot ignore the events of the past few years, particularly the *Deepwater Horizon* explosion and resulting oil spill as well as lessons from Shell's 2012 Arctic exploration program, which highlight the need to develop and to abide by the principles of safety, responsibility, accountability, and environmental stewardship wherever oil and gas activities occur. BOEM and BSEE have undertaken extensive environmental and safety reviews of potential oil and gas operations on the Arctic OCS, which reinforce the need to develop additional measures specifically tailored to the operational and environmental conditions of the Alaska OCS. Accordingly, the Department has concluded there is a need to promulgate new, and amend existing, regulations for Arctic OCS operators who conduct exploratory drilling activities in this unique environment. BOEM and BSEE anticipate the proposed regulations will be issued this year for public comment.

Directed SOO: Director Beaudreau

Since the Interior Department issued leases in the Beaufort Sea in 2005 and 2007 and in the Chukchi Sea in 2008, very little exploration activity has occurred. Lessees have been delayed, in part, by litigation requiring the Interior Department to revise its environmental assessments on Lease Sale 193. Understanding that circumstances beyond the operator's control can delay exploration activities, the Interior Department can approve a Requested Suspension of Operation or issue a Directed Suspension of Operation.

The Interior Department, for example, issued a directed suspension to lessees in Eastern Gulf of Mexico Lease Sale 79, to account for closure times required for military activities in the area. These directed suspensions typically extend the lease terms, unless the lessee has willfully violated lease terms or demonstrated gross negligence.

Question 15: Understanding that current Lease Sale 193 lessees will continue to be delayed – by no fault of their own –while the Interior Department conducts additional environmental analysis, can you comment on whether the Interior Department will issue a directed suspension and if yes, when will this be issued?

Answer: The Bureau of Safety and Environmental Enforcement issued directed suspensions of operations (SOO) to the following Lease Sale 193 lease holders on March 28, 2014:

- ConocoPhillips
- Eni Petroleum
- Iona
- OOGC America
- Repsol
- Shell Gulf of Mexico
- Statoil

Each SOO is effective from January 22, 2014, and will remain in effect until the BOEM meets its obligations consistent with the Ninth Circuit Court’s Opinion and the direction of the District Court. Pursuant to 30 CFR 250.176 and 30 CFR 1218.154(b), lessees are not required to pay rental or minimum royalty during the period of directed suspension. Pursuant to 30 CFR 250.169, the lease term will be extended for the period of this suspension.

Interagency Working Group

Executive Order 13580, signed by President Obama in 2011, established the Interagency Working Group on Alaska Energy tasked with a mission to “facilitate coordinated and efficient domestic energy development and permitting in Alaska while ensuring that all applicable standards are fully met.” The group’s website continues to list David Hayes, former Deputy Secretary of the Interior, as Chair of the working group even though he left the agency in 2013.

The Interior’s FY2015 “Budget in Brief” document does not specify potential activities related to the working group.

Question 16: Can you comment on the status of this working group – the Interior Department’s role, recent meeting, projects under discussion, etc.? Do you expect Interior official(s) to expend resources participating in this group in the future?

Answer: The Interagency Working Group on Coordination of Domestic Energy Development and Permitting in Alaska was established by Executive Order 13580 for the purpose of facilitating “coordinated and efficient domestic energy development and permitting in Alaska while ensuring that all applicable [health, safety, and environmental protection] standards are fully met”. The Department of the Interior was appointed as the Chair for this working group. The working group remains active, and BOEM and BSEE will continue to participate in this important endeavor at the senior management and staff levels, both at headquarters in D.C. and DOI’s regional offices in Anchorage.

Question 17: If the agency does not anticipate future activity with the Interagency Working Group on Alaska Energy, how can the Interior Department fulfill this mission of interagency coordination on projects such as Alaskan offshore development that require input and approval from multiple agencies?

Answer: The Interagency Working Group on Coordination of Domestic Energy Development and Permitting in Alaska was established by Executive Order 13580 for the purpose of

facilitating “coordinated and efficient domestic energy development and permitting in Alaska while ensuring that all applicable [health, safety, and environmental protection] standards are fully met”. The Department of the Interior was appointed as the Chair for this working group. The working group remains active, and BOEM and BSEE will continue to participate in this important endeavor at the senior management and staff levels, both at headquarters in D.C. and DOI’s regional offices in Anchorage.

Alaska Standards: Director Beaudreau or Salerno

As part of the Bureau of Ocean Energy Management (BOEM) Budget Justifications, the agency notes that it, in conjunction with the Bureau of Safety and Environmental Enforcement (BSEE), is working to establish “Arctic Standards” for OCS activities, “an effort that will continue through 2014 and into 2015”. Per the Office of Information and Regulatory Affairs’ Unified Agenda, updated in Fall 2013, BOEM anticipated issuing a notice for proposed rulemaking in the “Arctic Standards” in February 2014. However, the agencies have to date not issued the notice.

Question 18: Can you address precisely when these new regulations will be proposed? How would additional budgetary resources affect the promulgation of these new regulations?

Answer: BOEM and BSEE anticipate the proposed regulations will be issued this year for public comment. At this point, no additional budgetary resources are required to complete the promulgation of the rules.

Question 19: Understanding that these new standards will require additional resources to promulgate, please discuss the intent and anticipated outcome of these regulations. What are the scientific, performance-based criteria that underpin the regulations? Do you anticipate these regulations to be economically viable for commercial Arctic development?

Answer: Industry interest in developing our Nation’s energy resources in the Arctic continues, and we are committed to facilitating the safe and environmentally responsible exploration and development of our Nation’s Arctic energy resources.

The regulations being developed are intended to ensure Arctic OCS operations are conducted in a safe and responsible manner, taking into account the unique conditions that exist in the Arctic. Overall, we anticipate that the regulations will further the Nation’s energy goals by establishing operating models and requirements tailored specifically to the extreme and rapidly changing conditions of the U.S. Arctic OCS region. The proposed regulations are expected to provide for more comprehensive planning of OCS oil and gas operations, particularly with respect to emergency response and safety systems, and seek to institutionalize a proactive approach to safety. The Administration has proceeded judiciously to ensure that regulations and policies concerning Arctic OCS oil and gas development are created and implemented based on a thorough examination of the multiple factors at play in the unique Arctic OCS environment. BOEM and BSEE have conducted extensive research on potential oil and gas activities in the Arctic in anticipation of operations, and have also evaluated the potential environmental effects of such activities (see <http://www.bsee.gov/Research-and-Training/Technology-Assessment-and-Research/tarprojectcategories/Arctic-Research-Projects.aspx>; <http://www.boem.gov/akstudies/>).

Question 20: Can you identify how efforts such as the Arctic Standards are being prioritized with other BOEM efforts such as the revisions to LS 193 EIS? Is it prudent for your agency to devote resources to developing additional regulations for a region for which you not yet been able to develop a legally defensible EIS?

Answer: BOEM has adequate resources to provide the needed funding and staffing to appropriately manage both efforts.

Question 21: Your budget justification report provides that you anticipate receiving multiple requests to conduct exploratory drilling in the Chukchi and Beaufort Seas in 2015. Do you plan to apply the Arctic Standards to requests for authorization for activities in 2015?

Answer: BOEM and BSEE anticipate that the new rules will apply to all operators conducting exploratory drilling in the Arctic OCS as soon as the rules are finalized and take effect.

Environmental Studies: Director Beaudreau or Salerno

The Interior Department has requested an increase of \$2.5 million to \$65.7 million for its environmental programs. For the Alaska OCS region, the Bureau of Ocean Energy Management (BOEM) anticipates that it will continue to work on environmental assessments for future lease sales, exploration plans, and seismic permits, in addition to general activities to “understand the impacts of OCS activities on the Arctic marine environment.”

Given the vastness of the U.S. Arctic and the increasing commercial and security interests in the area, additional scientific study is needed to better understand ecosystems, impacts of oil & gas operations and other commercial operations, and impacts on Native communities. The federal government alone cannot fund this.

To date, oil companies – mostly Shell, Statoil and ConocoPhillips – have been the largest private investors in U.S. Arctic scientific studies, helping to augment government data

Question 22: Can you comment on how beneficial the scientific research by private companies has been to the federal government’s efforts to understand the Arctic?

Answer: The science conducted by the private companies in the Arctic is very valuable. It aids in providing an improved baseline and is contributing to our fundamental knowledge of U.S. Arctic marine, coastal, and human environments. One example is BSEE’s current Joint Industry Project with Arctic operators that is studying ice behavior and expected ice forces in the Arctic and the potential impact on vessels and structures. Other studies, with respect to ice monitoring and forecasting, have been especially useful to regulators as the results inform decisions regarding the establishment of windows of opportunity for safe drilling operations in the Arctic environment. The results of this research also are of benefit to the subsistence whaling and fishing communities and Arctic shipping.

Question 23: Without a market incentive, energy companies may be less apt to fund scientific programs outside of the data collection executed in pursuit of a program. How would the withdrawal of energy companies from the Arctic affect scientific understanding of the region?

Answer: Currently, research in support of offshore energy activities contributes significantly to the understanding of the U.S. Arctic. We believe energy companies will be among those that continue to conduct scientific research in the Arctic. As ocean and seasonal conditions continue to change, there will be an increasing number of stakeholders vying for access to the Arctic OCS and the waters above it. Shipping, commercial fishing, and recreation are expected to increase as more areas of water open up for longer periods of time due to the increase of melting sea ice. Energy companies will likely continue to stay actively engaged in studying Arctic trends in order to ensure they are prepared as the Arctic region's environmental conditions change.

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